



Staff Report Item 12

To:	Ava Community Energy Authority
From:	Russell Mills, SVP and CFO
Subject:	New Line of Credit Agreement Approval
Date:	September 17, 2025

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer to finalize and execute a Revolving Credit Agreement with PNC Bank.

Background and Discussion

Currently Ava maintains a \$200MM credit facility with US Bank. This current facility was signed into agreement on October 27, 2022, after Board approval on September 21, 2022, and is a three-year agreement that expires October 27, 2025.

This facility is a vital part of Ava's financial strength, serving as a source of liquidity, supporting our "A" credit rating from Standard & Poor's (S&P), and providing credit support for operating as a Load Serving Entity (LSE) in California.

On May 19, 2025, Ava issued a request for proposals (RFP) to provide revolving credit agreement services, with proposals due June 10, 2025. Evaluation of responses focused primarily on pricing and terms and conditions, such as commitment size, covenant restrictions, additional Ava debt considerations, and termination provisions. Considerations beyond cost and terms used in scoring were organizational experience with CCA's and credit facilities, Environmental and Social Governance (ESG) goals, adherence to RFP details, location of operations, and adherence to Ava Procurement Preferences.

Through this process Ava Staff has selected PNC Bank as the proposer that has delivered the most favorable terms, costs and points for the additional considerations in the scoring process.

Staff is finalizing a three-year agreement sized to \$300MM, which can be used as either LOCs or drawn upon for cash liquidity. Staff does not expect the need to utilize the full amount of the facility, but in considering the current operating environment, geopolitical influences on costs, and the high volatility we are seeing in market prices, having a large enough facility in place to cover short-term working capital needs is a relatively low cost means of maintaining liquidity without using Ava's reserves. Maintaining adequate and available sources of liquidity for working capital is viewed favorably with credit rating agencies and counterparties that extend operating credit, and is essential to maintaining our "A" rating from S&P.

The terms and conditions associated with the agreement are as follows, and examples are provided in the Fiscal Impact section of this memorandum:

- The term rate for the bank to hold the agreement available to us is the Undrawn Fee and is 0.20% of any undrawn or unused balance
- The term rate for LOC issuances is the Applicable Margin of 0.45%
- The term rate for cash borrowings is the Applicable Margin plus the Secured Overnight Financing Rate (SOFR), which is 4.70% as of September 1, 2025.
- A default from Ava results in a term out loan of PNC Prime Rate +3.0%.
- The terms also indicate increases in both the Undrawn Fee and Applicable Margin for any downgrade to Ava's S&P "A" rating.
- There is a liquidity requirement in the new agreement instead of a debt service coverage covenant, providing for utilization dependent on assets instead of results of operations and cash flows.
- Ava now has an ability to issue Parity debt without consent, though it must meet debt service coverage tests after bond issuance to maintain access to the facility.

While the terms stated above are negotiated as final, there are some additional aspects of the agreement still under finalization. These aspects are not material to the financial terms but are essential to finalizing for execution of the Agreement, facility maintenance, and clarifications on definitions. Although very close to finalization, Staff will require authority to finalize these remaining details and execute.

Fiscal Impact

Terms and conditions of the proposed facility are provided in the attached Fee Agreement and Draft Credit Agreement. Additionally, the following good faith estimates have been provided by PFM Financial Advisors LLC in accordance with California Government Code Section 5852.1, requiring such presentation in a meeting open to the public.

- A. Interest cost per annum:
 - a. Undrawn fee: 0.20% for undrawn or unissued amounts of the facility
 - b. LOCs: 1.25% for issued LOCs (without draws made by the LOC holder)
 - c. Cash Draws: SOFR + 0.45% for cash draws and LOC draws not reimbursed on the same day
- B. Finance charges to third parties: \$95,000 for legal, consulting, and upfront fees
- C. Proceeds: Maximum gross proceeds are \$300,000,000 for a fully utilized facility. Because this is a revolving credit facility, this amount may be lower and fluctuate at any time up to the maximum of \$300,000,000.
- D. Total Interest Payment amount with following assumptions: \$42,956,807
 - a. Maximum draw of \$300,000,000
 - b. Full facility term length of 3 years
 - c. SOFR at 9/8/2022 rate of 4.70%
 - d. Applicable Margin rates for EBCE maintaining “A” rating
- E. If no cash draws are made and no LOCs are issued, the maximum interest payments for the full term of the facility over three years would be \$1,826,667. This is \$326,667 more than our current facility with US Bank because of the higher capacity
- F. If as much as \$50MM is issued as LOCs, and no cash is drawn, then the total maximum interest payment for the full term of the facility over three years would be \$3,425,000.

Committee Recommendation

This has been presented at the Finance, Administrative, and Procurement Committee as an informational item on September 8, 2025.

Attachments

- A. Resolution authorizing the CEO to finalize and execute the Revolving Credit Agreement
- B. Current draft of Revolving Credit Agreement
- C. Current draft of Fee Agreement
- D. Presentation

RESOLUTION NO. R-2025-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A REVOLVING CREDIT AGREEMENT WITH PNC BANK, NATIONAL ASSOCIATION AND A PROMISSORY NOTE AND FEE AGREEMENT RELATING THERETO AND APPROVING AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Powers Act, California Government Code sections 6500 *et seq.* (the “Act”), and a Joint Powers Agreement (the “Agreement”), as amended, currently among the Counties of Alameda and San Joaquin and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Lathrop, Livermore, Newark, Oakland, Piedmont, Pleasanton, San Leandro, Stockton, Tracy and Union City; and

WHEREAS, Ava is authorized by the Act and the Agreement to issue revenue bonds and other forms of indebtedness and to incur debts, liabilities and other obligations, including but not limited to loans from private lending sources; and

WHEREAS, Ava is currently a party to a Revolving Credit Agreement (the “Existing Agreement”) with U.S. Bank National Association (as successor to MUFG Union Bank, N.A.), which is scheduled to expire on October 27, 2025; and

WHEREAS, Ava sent its Request for Proposals for Ava Community Energy Authority Revolving Credit Agreement Services to qualified lenders to replace the Existing Agreement and has selected PNC Bank, National Association (“PNC”) as having the response best addressing Ava’s needs to replace the Existing Agreement; and

WHEREAS, there has been presented at this meeting a proposed form of Revolving Credit Agreement (the “Revolving Credit Agreement”) and a proposed form of Fee Agreement (the “Fee Agreement”) to be entered into by Ava and PNC; and

WHEREAS, attached to the Revolving Credit Agreement as Exhibit C is a form of promissory note (the “Note”) to be executed by Ava to evidence the unpaid principal amount from time to time of any loans made by PNC to Ava under the Revolving Credit Agreement and the interest thereon; and

WHEREAS, in compliance with California Government Code section 5852.1, Ava has obtained from PFM Financial Advisors LLC certain required good faith estimates, and such estimates have been disclosed at this meeting in the Staff Report accompanying this Resolution; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the entry into the Revolving Credit Agreement, the Fee Agreement and the Note authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Board of Directors is now duly authorized and empowered,

pursuant to each and every requirement of law, to approve and authorize the execution and delivery of the Revolving Credit Agreement, the Fee Agreement and the Note for the purposes, in the manner and upon the terms provided;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Directors (the “Board”) hereby specifically finds and declares that the statements, findings and determinations of Ava set forth above are true and correct, and the Board hereby authorizes entry into the Revolving Credit Agreement and the Fee Agreement and the execution and delivery of the Note, permitting borrowings thereunder not to exceed \$300,000,000 outstanding at any time and for an initial borrowing term not to exceed three (3) years from the date of execution and delivery of the Revolving Credit Agreement for the purposes set forth in the Revolving Credit Agreement.

Section 2. The proposed forms of the Revolving Credit Agreement, the Fee Agreement and the Note presented to this meeting and on file with the Secretary are hereby approved, and the Chief Executive Officer or the designee thereof (each, an “Authorized Representative”) is hereby authorized and directed, for and in the name and on behalf of Ava, to execute and deliver to PNC the Revolving Credit Agreement, the Fee Agreement and the Note in substantially said forms, with such changes thereto as the Authorized Representative, after consultation with counsel to Ava, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Board hereby approves each Authorized Representative, acting singly, to borrow and authorize advances or the issuance of letters of credit from time to time under the Revolving Credit Agreement in such amounts as in their judgment should be borrowed, to provide security for the obligations of Ava under the Revolving Credit Agreement, including, without limitation, a pledge of Ava’s Net Revenues (as defined in the Revolving Credit Agreement), and to execute and deliver any requests or other documents and agreements as such Authorized Representative may, in her or his discretion, deem reasonably necessary or proper in order to carry into effect the provisions of the Revolving Credit Agreement.

Section 4. The Authorized Representatives and the Secretary of the Board, and any other officers, employees and agents of Ava, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of Ava, to execute and deliver any and all documents, certificates, representations, and agreements as they, with the advice of counsel to Ava, shall approve, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Board has approved in this Resolution.

Section 5. All actions heretofore taken by the officers, employees and agents of the Board or Ava with respect to the Revolving Credit Agreement, the Fee Agreement and the Note are hereby ratified, confirmed, and approved.

Section 6. This Resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Ava Board of Directors on this 17th day of September, 2025.

Betsy Andersen, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

REVOLVING CREDIT AGREEMENT

Dated as of September [], 2025

by and between

AVA COMMUNITY ENERGY AUTHORITY,
as Borrower

and

PNC BANK, NATIONAL ASSOCIATION,
as Lender

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EXHIBITS

Exhibit A	—	Form of Compliance Certificate
Exhibit B	—	Form of Borrowing Request
Exhibit C	—	Form of Promissory Note
Exhibit D	—	Account Control Agreement
Exhibit E	—	Intercreditor Agreement
Exhibit F	—	Security Agreement

REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT, dated as of September [], 2025 (together with all amendments and supplements hereafter, this “*Agreement*”) is by and between AVA COMMUNITY ENERGY AUTHORITY, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. Seq. (together with its successors and assigns, “*Borrower*” or “*AVA*”), and PNC BANK, NATIONAL ASSOCIATION (together with its successors and permitted assigns, the “*Lender*”).

WITNESSETH:

WHEREAS, as of the Closing Date, the Members of the Borrower consist of [(i) County of Alameda, (ii) City of Albany, (iii) City of Berkeley, (iv) City of Dublin, (v) City of Emeryville, (vi) City of Fremont, (vii) City of Hayward, (viii) City of Livermore, (ix) City of Newark, (x) City of Oakland, (xi) City of Piedmont, (xii) City of Pleasanton, (xiii) City of San Leandro, (xiv) City of Tracy, (xv) City of Stockton, and (xvi) City of Union City.]¹

WHEREAS, Borrower has requested, and Lender has agreed to make available to Borrower, a revolving credit facility upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, Borrower and Lender agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1. Definitions. As used in this Agreement:

[“*1M SOFR*” means, for each day, the rate per annum determined by the Lender (rounded upwards, at the Lender’s discretion, to the nearest 1/100th of 1%) equal to the Term SOFR Reference Rate for such day for a one (1) month period, as published by the Term SOFR Administrator; provided, that if 1M SOFR, determined as provided above, would be less than the SOFR Floor, then 1M SOFR shall be deemed to be the SOFR Floor. Such rate of interest will be adjusted automatically as of each Business Day based on changes in 1M SOFR without notice to the Borrower.]

[“*Account Control Agreement*” means the Account Control Agreement, attached hereto as Exhibit D, as amended and supplemented in accordance with the terms hereof, by and among (i) River City Bank, as account bank, (ii) AVA and (iii) River City Bank, in its capacity as collateral agent.]²

¹ To be confirmed.

² To be confirmed

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Amortization End Date” means the third (3rd) anniversary of the Maturity Date.

“Amortization Payment” has the meaning set forth in Section 2.16(d) hereof.

“Amortization Payment Date” means (a) the Initial Amortization Payment Date and the last Business Day of each March, June, September, and December occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“Amortization Period” has the meaning set forth in Section 2.16(d) hereof.

“Annual Debt Service” means, with respect to any Debt of the Borrower, as of any date of calculation and with respect to any designated fiscal period, the sum of all principal and interest (or similar) payments due and payable (or, with respect to future periods, expected to be due and payable) on such Debt during the relevant fiscal period; provided, that:

(a) unless a different subsection of this definition applies for purposes of determining maturities or amortization, in determining the amount due in any fiscal period, payment shall be assumed to be made in accordance with any amortization schedule established for such Debt, including any mandatory sinking account payments, and any contingencies that may result in a request for earlier payment shall be disregarded;

(b) Balloon Debt may, at the option of the Borrower, be treated as if it were to be amortized over a term of up to 30 years (which period shall be reasonably designated by the Borrower), commencing on the date of calculation of Annual Debt Service, with principal payable in such years and in such amounts as the Borrower shall reasonably determine on the date of calculation of Annual Debt Service, and the interest rate used for such computation shall be assumed by the Borrower to be equal to, at the option of the Borrower, the actual interest rate on such Debt for such fiscal period or such other interest rate or rates at which the Borrower could reasonably be expected to borrow at the time of such calculation of Annual Debt Service based on the assumed amortization of such Balloon Debt, as shall be specified in a written statement from an investment banking or financial or municipal advisory firm of recognized standing selected by the Borrower;

(c) if any Debt bears, or is proposed to bear, interest at a variable interest rate for which a Swap Agreement is not in place, the interest rate on such Debt for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to such interest rate reasonably determined by the Borrower as specified in a written statement from an investment banking or financial or municipal advisory firm of recognized standing selected by the Borrower;

(d) with respect to any Debt bearing interest, or expected to bear interest, at a variable interest rate for which a Swap Agreement is in place providing for a synthetic fixed interest rate to maturity or for a specific term with respect to such Debt, the interest rate on such Debt shall be assumed to be the synthetic fixed interest rate specified in such Swap Agreement for such term;

(e) with respect to any Debt bearing interest, or expected to bear interest, at a fixed interest rate for which a Swap Agreement is in place providing for a net variable interest rate with respect to such Debt for a specific term, the interest rate on such Debt shall be assumed to be equal for such term to the sum of (1) the fixed interest rate or rates to be paid on the Parity Debt or Subordinate Debt, minus (2) the fixed interest rate receivable by the Borrower under such Swap Agreement, plus (3) the average interest rate of the index on which the Swap Agreement is based over the five years preceding the date of calculation as specified in a written statement from an investment banking or financial or municipal advisory firm of recognized standing selected by the Borrower, plus the applicable spread, if any, payable by the Borrower under such Swap Agreement;

(f) if any Debt features an option, on the part of the owners or a requirement under the terms of such Debt, to tender all or a portion of such Debt to the Borrower or other fiduciary or agent, and to purchase such Debt or portion thereof if properly presented, then for purposes of determining the amounts due in any fiscal period, the options or obligations of the owners of such Debt to tender the same for purchase or payment shall be disregarded;

(g) payments on Debt shall be excluded to the extent such payments are to be paid from amounts not constituting Net Revenues and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Debt, including any investment earnings thereon; and

(h) with respect to Debt for which a reserve fund is in place, the calculation of Annual Debt Service for such Debt for any fiscal period shall be reduced by the amount of investment earnings on amounts on deposit in such reserve fund used or expected to be used to pay Annual Debt Service on such Debt during such period.

[“*Anti-Corruption Laws*” means (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other applicable Law relating to anti-bribery or anti-corruption in any jurisdiction in which the Borrower is located or doing business.]³

[“*Anti-Money Laundering Laws*” means (a) the Bank Secrecy Act and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001; (b) the U.K. Proceeds of Crime Act 2002, the Money Laundering Regulations 2017, as amended and the Terrorist Asset-Freezing etc. Act 2010; and

³ NTD: Under review by Ava legal.

(c) any other Applicable Law relating to anti-money laundering and countering the financing of terrorism in any jurisdiction in which the Borrower is located or doing business.]⁴

“Applicable Law” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“Applicable Margin” has the meaning set forth in the Fee Agreement.

“Audited Financial Statements” has the meaning set forth in Section 4.6 hereof.

“Authorized Representative” means an “Authorized Representative” as defined in the Resolution, and any other individual designated from time to time as an “Authorized Representative” in a certificate executed by Borrower and delivered to Lender.

“Availability Period” means the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment.

“Balloon Debt” means, with respect to any Debt, 50% or more of the principal or other face amount of which matures or becomes due on the same date or within a 12 month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of such Debt that matures or becomes due on such date or within such 12 month period.

“Base Rate” means, for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Overnight Bank Funding Rate, plus 0.5%, (ii) the Prime Rate, and (iii) Daily Simple SOFR, plus 1.00%, so long as Daily Simple SOFR is offered, ascertainable and not unlawful; *provided, however*, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. Notwithstanding anything to the contrary contained herein, in the case of any event specified in Section 2.18 (Inability to Determine Rates; Illegality), to the extent any such determination affects the calculation of the Base Rate, the definition hereof shall be calculated without reference to clause (iii) until the circumstances giving rise to such event no longer exist.

“Basic Documents” means, at any time, each of the following documents and agreements as in effect or as outstanding, as the case may be, at such time: (a) this Agreement, including schedules and exhibits hereto, (b) the Fee Agreement, and (c) and any other documents executed and delivered by Borrower in connection with this Agreement or the Fee Agreement, if any. For the avoidance of doubt, PPAs are not Basic Documents.

[“Blocked Property” means any property: (a) owned, directly or indirectly, by a Sanctioned Person; (b) due to or from a Sanctioned Person; (c) in which a Sanctioned Person

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otherwise holds any interest; (d) located in a Sanctioned Jurisdiction; or (e) that otherwise could cause any actual or possible violation by the Lender of any applicable International Trade Law if the Lender were to obtain an encumbrance on, lien on, pledge of, or security interest in such property, or provide services in consideration of such property.]⁵

“Board” means the Board of Directors of Borrower.

“Borrower” has the meaning set forth in the introductory paragraph hereof.

“Borrowing” means the making of a Loan pursuant to Article II hereof.

“Borrowing Request” means a request by Borrower for a Borrowing in accordance with Section 2.3 hereof and in the form of Exhibit B hereto.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco, California are authorized or required by law to remain closed.

“Change in Law” means the occurrence after the date of this Agreement of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) compliance by Lender (or, for purposes of Section 2.10(b) hereof, by any lending office of Lender or its holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Closing Date” means the first date on which the conditions precedent set forth in Section 3.1 hereof are satisfied and/or waived in writing by Lender.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, including regulations, rulings and judicial decisions promulgated thereunder.

“Collateral Agent” has the meaning set forth in the Security Agreement.

“Commitment” means the commitment of Lender to make Loans and to issue Letters of Credit, expressed as an amount representing the maximum aggregate amount of Lender’s

⁵ NTD: Under review by Ava legal.

Revolving Credit Exposure hereunder, as such commitment may be reduced from time to time pursuant to Section 2.5 hereof. The initial amount of the Commitment is \$300,000,000.

[“*Compliance Authority*” means (a) the United States government or any agency or political subdivision thereof, including, without limitation, the U.S. Department of State, the U.S. Department of Commerce, the U.S. Department of the Treasury and its Office of Foreign Assets Control, and the U.S. Customs and Border Protection agency; (b) the government of Canada or any agency thereof; (c) the European Union or any agency thereof; (d) the government of the United Kingdom or any agency thereof; (e) the United Nations Security Council; and (f) any other Governmental Authority with jurisdiction to administer Anti-Corruption Laws, Anti-Money Laundering Laws or International Trade Laws with respect to the conduct of the Borrower.]⁶

“*Conforming Changes*” means, with respect to 1M SOFR or any Benchmark Replacement in relation thereto, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” the definition of “U.S. Government Securities Business Day,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of 1M SOFR or such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of 1M SOFR or the Benchmark Replacement exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Basic Documents).

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“*Control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, “Controlling” and “Controlled” have meanings correlative thereto.

“*Daily Simple SOFR*” means, for any day (a “*SOFR Rate Day*”), the interest rate per annum determined by the Lender (rounded upwards, at the Lender’s discretion, to the nearest 1/100th of 1%) equal to SOFR for the day (the “*SOFR Determination Date*”) that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, in each case, as such SOFR is published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank

⁶ NTD: Under review by Ava legal.

of New York, at <http://www.newyorkfed.org>, or any successor source identified by the Federal Reserve Bank of New York or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the SOFR Floor, then Daily Simple SOFR shall be deemed to be the SOFR Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of “SOFR”; provided that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Borrower, effective on the date of any such change.

“Days of Liquidity on Hand” means, for any date of determination, the quotient obtained by dividing (a) the sum of (i) all unrestricted cash and cash equivalents reflected on the balance sheet of Borrower, plus (ii) the Unused Commitment, in each case as of the date of determination, by (b) the quotient of (i) Operating and Maintenance Costs for the four fiscal quarters of Borrower ended on such date, divided by (ii) 365.

“Debt” of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under leases representing debt-like capital financing transactions (for the avoidance of doubt, obligations of a Person as lessee under leases of an operational or administrative nature or that arise in connection with the purchase of Product pursuant to a PPA shall not be included in this definition of Debt whether or not such obligations are included as a liability on the balance sheet of such Person), (e) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person, (f) all Guarantees by such Person of debt of other Persons and (g) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility or other instrument.

“Default” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” has the meaning set forth in the Fee Agreement.

“Direction Letter” has the meaning set forth in the Security Agreement.

“dollars” or *“\$”* refers to lawful money of the United States of America.

“EEI Master Agreement” means the EEI Master Power Purchase and Sale Agreement, version 2.1 (modified 4/25/00), created by the Edison Electric Institute and National Energy Marketers Association.

“Electronic System” means any electronic system, including e-mail, e-fax, web portal access for Borrower, and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by Lender and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Employee Plan” means an employee benefit plan covered by Title W of ERISA and maintained for employees of Borrower.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” has the meaning set forth in Section 6.1 hereof.

“Excluded Taxes” means, with respect to Lender or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which Lender or such Participant is organized or in which its principal office is located and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which Borrower is located.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Fee Agreement” means the Fee Agreement of even date herewith between Borrower and Lender, as supplemented, amended, restated or otherwise modified from time to time in accordance with the terms hereof.

“Fiscal Year” means each twelve-month period commencing on July 1 of a calendar year and ending on June 30 of the following calendar year.

“Fitch” means Fitch Ratings, Inc., and any successor rating agency.

“GAAP” means generally accepted accounting principles in the United States of America from time to time as set forth in (a) the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and (b) statements and pronouncements of the Government Accounting Standards Board, as modified by the opinions, statements and pronouncements of any similar accounting body of comparable standing having authority over accounting by governmental entities.

[*“Government Official”* means any officer, employee, official, representative, or any Person acting for or on behalf of any Governmental Authority, government-owned or government-controlled association, organization, business, or enterprise, or public international organization, any political party or official thereof and any candidate for political office.]⁷

“Governmental Approval” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantees” means, for any Person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such Person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes and (b) to the extent not otherwise described in (a) hereof, Other Taxes.

“Initial Amortization Payment Date” means the Maturity Date.

[*“Intercreditor and Collateral Agency Agreement”* means the Intercreditor and Collateral Agency Agreement, attached hereto as Exhibit E, as amended and supplemented in accordance with the terms hereof, is entered into by and among (i) River City Bank, a California corporation,

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not in its individual capacity, but solely as collateral agent, for the benefit of the PPA Providers, and its successors and assigns in such capacity, (ii) each of the creditors from time to time signatory thereto that are party to a Power Purchase Agreement (as defined in the Security Agreement), and (iii) AVA.]⁸

“Interest Payment Date” means the [last Business Day of each month] and the Maturity Date.

“Interest Period” means, as to any Borrowing, the period commencing on the date of such Loan or Borrowing and ending on the numerically corresponding day in the calendar month that is one month thereafter (in each case, subject to the availability thereof), as specified in the applicable Borrowing Request; *provided* that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (iii) no Interest Period shall extend beyond the Maturity Date and (iv) no tenor that has been removed from this definition pursuant to Section 2.19(a)(iv) shall be available for specification in such Borrowing Request. For purposes hereof, the date of a Loan or Borrowing initially shall be the date on which such Loan or Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Loan or Borrowing.

[*“International Trade Laws”* means all Laws relating to economic and financial sanctions, trade embargoes, export controls, customs and anti-boycott measures.]⁹

“Investment Policy” means the investment guidelines of Borrower, as the same may be adopted by Borrower and amended from time to time in accordance with State laws.

“Joint Exercise of Powers Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et. seq.)

“Joint Powers Agreement” means the Joint Powers Agreement of Borrower effective as of December 1, 2016, as amended through the date hereof, and as further amended from time to time.

“Law” means any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award, or any settlement arrangement, by agreement, consent or otherwise, of any Governmental Authority, foreign or domestic.

⁸ To be confirmed

⁹ NTD: Under review by Ava legal.

“LC Collateral Account” has the meaning set forth in Section 2.17(h) hereof.

“LC Disbursement” means a payment made by Lender pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of Borrower at such time.

“Letter of Credit” means any letter of credit issued pursuant to this Agreement.

“Letter of Credit Fees” has the meaning set forth in the Fee Agreement.

“Letter of Credit Request” means a request by Borrower for a Letter of Credit in accordance with Section 2.17(a) hereof and in the form specified by Lender from time to time.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Liabilities” mean all claims (including intraparty claims), actions, suits, judgments, damages, losses, liability, obligations, responsibilities, fines, penalties, sanctions, costs, fees, Taxes, commissions, charges, disbursements and expenses (including those incurred upon any appeal or in connection with the preparation for and/or response to any subpoena or request for document production relating thereto), in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise.

“Lien” means, with respect to any asset, (a) any lien, charge, claim, mortgage, security interest, pledge or assignment of revenues of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Loans” means individually, each Revolving Loan and the Term Loan under this Agreement and, collectively, the Revolving Loans and Term Loan under this Agreement.

“Lockbox Account” has the meaning set forth in the Account Control Agreement.

“Lockbox Security Document(s)” means, individually or collectively, as applicable, the Security Agreement, the Account Control Agreement, the Intercreditor and Collateral Agency Agreement and the Direction Letter.

“Material Adverse Change” means any material and adverse change in the operations, properties, assets, liability or financial condition Borrower which, in the reasonable determination of Lender, materially impairs Borrower’s ability to perform Borrower’s Obligations hereunder.

“Material Adverse Effect” means (a) a Material Adverse Change; (b) a material impairment of the rights and remedies of any Lender under this Agreement or any other Basic

Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of Borrower's Obligations under this Agreement or any other Basic Document to which Borrower is a party.

"Material Litigation" shall have the meaning assigned to such term in Section 4.5 hereof.

"Maturity Date" means the date on which Commitment is scheduled to expire pursuant to its terms, initially 5:00 p.m. (New York time) on [September __, 2028], or such later date to which the Maturity Date may be extended pursuant to Section 2.14 hereof and, if any such date is not a Business Day, the next preceding Business Day.

"Maximum Rate" means the maximum non-usurious interest rate that may, under applicable federal law and applicable state law, be contracted for, charged or received under such laws.

"Members" means the parties to the Joint Powers Agreement.

"Minimum Liquidity Requirement" means, for any date of determination, (i) the sum of (x) all unrestricted cash and cash equivalents reflected on the balance sheet of Borrower, *plus* (ii) the Unused Commitment, is not less than \$300,000,000, and (ii) the Days of Liquidity on Hand is not less than one hundred twenty (120).

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Net Revenues" means, for any period and as of any date of determination, the amount obtained by subtracting Operating and Maintenance Costs from Revenues, in each case for such period as of such date, including all products and proceeds thereof, and accounts into which Net Revenues are deposited. Net Revenues does not include the *"Collateral"* as defined under the Security Agreement.

"Obligations" means all obligations of Borrower to Lender or any Participant arising under or in relation to this Agreement and the Fee Agreement, including all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees (including, without limitation, the Undrawn Fee and the Letter of Credit Fees) and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of Borrower to Lender or any indemnified party, individually or collectively, existing on the Closing Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Basic Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"Operating and Maintenance Costs" shall be determined in accordance with the accrual basis of accounting in accordance with GAAP and shall mean the reasonable and necessary costs

paid or incurred by Borrower for maintaining and operating the System, including costs of electric energy and power generated or purchased, costs of transmission, the cost to purchase Regulatory Compliance Products, the cost of preparing and filing regulatory plans, reports and filings required by Governmental Authority, and including all administrative costs of Borrower that are charged directly or apportioned to the maintenance and operation of the System, such as salaries and wages of employees, retirement benefits, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of Borrower such as fees and expenses of legal counsel and an independent certified public accountant, and including Borrower's share of the foregoing types of costs of any electric properties co-owned with others, excluding in all cases depreciation, replacement and obsolescence charges or reserves therefore and amortization of intangibles and extraordinary items computed in accordance with GAAP or other bookkeeping entries of a similar nature. Operating and Maintenance Costs shall include all amounts required to be paid by Borrower under contracts for the purchase of Product, including take or pay contracts.

"Operating Account" means the deposit account of Borrower established with Lender and used by Borrower for operating purposes.

"Other Connection Taxes" means, with respect to Lender, Taxes imposed as a result of a present or former connection between Lender and the jurisdiction imposing such Tax (other than connections arising from Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Basic Document, or sold or assigned an interest in any Loan or Basic Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Basic Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Overnight Bank Funding Rate" means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the Federal Reserve Bank of New York (or by such other recognized electronic source (such as Bloomberg) selected by the Lender for the purpose of displaying such rate); *provided*, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; *provided, further*, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Lender at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. Such rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Parity Debt” means the Obligations and any other Debt of Borrower issued or incurred by Borrower (i) the payment of which is on parity with Borrower’s payment obligations under this Agreement and (ii) that is subject to a customary intercreditor agreement in form and substance reasonably satisfactory to Lender.

“Participant” has the meaning set forth in Section 7.3(b) hereof.

“Participation” has the meaning set forth in Section 7.3(b) hereof.

“Person” means an individual, a firm, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“PPA” means any agreement for the purchase of Product executed between Borrower and a PPA Counterparty. For greater clarity, “PPA” includes Power Purchase Agreements (as defined under the Security Agreement), EEI Master Agreements, and individual transaction confirmations executed under an EEI Master Agreement or WSPP Agreement. A PPA may be for short term or multi-year transactions for the purchase of Products.

“PPA Counterparty” means a party to a PPA other than Borrower.

“Prime Rate” means the interest rate per annum announced from time to time by the Lender at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged to commercial borrowers or others by the Lender and may not be tied to any external rate of interest or index. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Principal Office” means the main banking office of the Lender in Pittsburgh, Pennsylvania.

“Product” means any of the following: energy, renewable energy attributes, capacity attributes, transmission rights, resource adequacy benefits, or any other similar or related products contemplated in the PPAs.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Rate Stabilization Fund” means one or more funds or accounts by that name established and maintained on the Borrower’s books and records from time to time.

“Reimbursement Obligations” means any and all obligations of Borrower to reimburse Lender for LC Disbursements under Letters of Credit and all obligations to repay Lender for any Loan relating thereto, including in each instance all interest accrued thereon.

“Regulatory Compliance Product” means any Product required to be purchased by Borrower to satisfy the requirements of the California Public Utilities Commission, the Federal

Energy Regulatory Commission, the California Independent System Operator or any other Governmental Authority with jurisdiction over the operation of the System.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

[“Reportable Compliance Event” means that: (a) the Borrower becomes a Sanctioned Person, or is charged by indictment, criminal complaint, or similar charging instrument, arraigned, custodially detained, penalized or the subject of an assessment for a penalty, by, or enters into a settlement with a Governmental Authority in connection with any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law, or any predicate crime to any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations represents a violation of any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law; (b) the Borrower engages in a transaction that has caused or would cause the Borrower or the Lender to be in violation of any Anti-Corruption Law or International Trade Law, including the Borrower’s use of any proceeds of the Loans hereunder to directly or indirectly fund any activities or business of, with, or for the benefit of any Person that is a Sanctioned Person, or to fund or facilitate any activities or business of or in any Sanctioned Jurisdiction; (c) any of the Net Revenues qualifies as Blocked Property; or (d) the Borrower otherwise violates, or reasonably believes that it will violate, any of the Anti-Corruption Law or International Trade Law-specific representations and covenants herein.]¹⁰

“Requirement of Law” means, with respect to any Person, (a) the charter, articles or certificate of organization or incorporation and bylaws or operating, management or partnership agreement, or other organizational or governing documents of such Person and (b) any statute, law (including common law), treaty, rule, regulation, code, ordinance, order, decree, writ, judgment, injunction or determination of any arbitrator or court or other Governmental Authority (including Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Reserve Policy” means the Financial Reserve Policy of the Borrower, effective as of January 20, 2021 pursuant to Resolution No. R-2021-2, as the same may be amended or supplemented from time to time in accordance with the terms hereof and thereof.

“Resolution” means Resolution No. [____], adopted by the Board on September 17, 2025, as the same may be amended or supplemented from time to time in accordance with the terms hereof and thereof.

¹⁰ NTD: Under review by Ava legal.

“Revenues” means all revenues, rates and charges received and accrued by Borrower for electric power and energy and other services, facilities and commodities sold, furnished or supplied by the System, together with income, earnings and profits therefrom, as determined in accordance with GAAP; provided, that for any Fiscal Year or other fiscal period, Revenues shall be reduced by the amount of current Revenues transferred by the Borrower to a Rate Stabilization Fund for such Fiscal Year or other fiscal period and shall be increased by any amounts transferred out of a Rate Stabilization Fund by the Borrower for such Fiscal Year or other fiscal period.

“Revolving Credit Exposure” means, with respect to Lender at any time, the sum of the outstanding principal amount of the Loans and its LC Exposure at such time.

“Revolving Loan” means, collectively and individually, each revolving loan extended by Lender to Borrower pursuant to the terms and conditions hereof.

[*“Sanctioned Jurisdiction”* means, at any time, a country, area, territory, or jurisdiction that is the subject or target of comprehensive U.S. sanctions.]¹¹

[*“Sanctioned Person”* means any Person that is (a) located in, organized under the laws of, or ordinarily resident in a Sanctioned Jurisdiction; (b) identified on any sanctions-related list maintained by any Compliance Authority; or (c) owned 50% or more, in the aggregate, directly or indirectly by, controlled by, or acting for, on behalf of, or at the direction of, one or more Persons described in clauses (a) or (b) above.]¹²

[*“Security Agreement”* means the Security Agreement, dated as of February 12, 2018 attached hereto as Exhibit F, as amended and supplemented in accordance with the terms hereof, by and among AVA, as pledgor, River City Bank, a California corporation, not in its individual capacity, but solely as collateral agent, for the benefit of the PPA Providers (as defined in the Security Agreement) as Secured Creditors (as defined in the Security Agreement).]¹³

“SOFR” means, for any day, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Floor” means a rate of interest per annum equal to 0.00%.

“SOFR Loan” means a Loan that bears interest based on 1M SOFR.

“SOFR Rate” means a fluctuating rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to 1M SOFR plus the Applicable Margin, such interest rate to

¹¹ NTD: Under review by Ava legal.

¹² NTD: Under review by Ava legal.

¹³ To be confirmed

change automatically from time to time effective as of the effective date of each change in 1M SOFR.

“*State*” means the State of California.

“*Subordinate Debt*” means any Debt of Borrower issued or incurred by Borrower (i) the payment of, and security for, which is subordinate to the payment in full of Borrower’s payment obligations under this Agreement and (ii) that is subject to a customary intercreditor agreement in form and substance reasonably satisfactory to Lender.

“*Swap Agreement*” means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or any option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; *provided* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Borrower shall be a Swap Agreement.

“*System*” means (i) contractual rights to generation, distribution, metering and billing services, electric power, resource adequacy, scheduling and coordination and transmission capacity of Borrower for the generation, transmission and distribution of electric power to its customers, and behind the meter/distributed energy resources and other local customer programs and services, (ii) all other facilities, properties and structures of Borrower, wherever located, reasonably required to carry out any lawful purpose of Borrower. The term shall include all such contractual rights, facilities, works, properties and structures now owned or hereafter acquired by Borrower.

“*S&P*” means S&P Global Ratings, and any successor rating agency.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Term Loan*” means a Revolving Loan that is converted to a Term Loan pursuant to Section 2.16 hereof.

“*Term Out Rate*” means, for each day of determination on and after the Maturity Date, a fluctuating rate per annum, with respect to any Term Loan, equal to the Base Rate from time to time in effect plus one percent (1.00%); *provided* that from and after the occurrence and during the continuance of an Event of Default, “*Term Out Rate*” shall mean the Default Rate.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Lender in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Undrawn Fee” has the meaning set forth in the Fee Agreement.

“Unused Commitment” means, for any date of determination, the difference, if any, of (i) the Commitment minus, (ii) the Revolving Credit Exposure.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“WSPP Agreement” means the WSPP Agreement created by WSPP Inc. and filed with the Federal Energy Regulatory Commission, as revised by the WSPP Inc. from time to time.

Section 1.2. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.3. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if Borrower notifies Lender that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before

such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

Section 1.4. Rates. Lender does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate or 1M SOFR, or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, 1M SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. Lender and its affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, 1M SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. Lender may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, 1M SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE 2

THE CREDITS

Section 2.1. Commitments. Subject to the terms and conditions set forth herein, Lender agrees to make Loans to Borrower from time to time during the Availability Period in an aggregate principal amount that will not result (after giving effect to any application of proceeds of such Borrowing pursuant to Section 2.7 hereof) in the Revolving Credit Exposure exceeding the Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, Borrower may borrow, prepay and reborrow Loans.

Section 2.2. Loans and Borrowings. Each Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$200,000. Each Revolving Loan shall be made solely for the purpose of working capital and general and System purposes, including without limitation, the purchase of Products or posting of collateral in connection with the purchase of Products. The Revolving Credit Exposure at any time shall not exceed the Commitment at such time.

Section 2.3. Requests for Revolving Borrowings. To request a Borrowing, Borrower shall notify Lender of such request by telephone not later than 10:00 a.m., New York City time one (1) U.S. Government Securities Business Days before the date of the proposed Borrowing. Each such telephonic request for a Borrowing shall be irrevocable and shall be confirmed promptly by

electronic means to Lender in the form of a written Borrowing Request as attached hereto as Exhibit B and signed by an Authorized Representative of Borrower. Each such telephonic and written Borrowing Request shall specify the information set forth in Exhibit B hereto. Subject to satisfaction of the terms and conditions of Section 3.2 hereof, Lender shall make available to, or for the account of, Borrower the amount of each Borrowing no later than 2:00 p.m., New York City time, on date of the applicable Borrowing. If, after examination, Lender shall have determined that a Borrowing Request does not conform to the terms and conditions hereof, then Lender shall use its best efforts to give notice to Borrower to the effect that documentation was not in accordance with the terms and conditions hereof and stating the reasons therefor. Borrower may attempt to correct any such nonconforming Borrowing Request, if, and to the extent that, Borrower is entitled (without regard to the provisions of this sentence) and able to do so.

Section 2.4. Interest Elections. Lender shall promptly notify Borrower of the SOFR Rate for any Revolving Loan upon determination of such interest rate; *provided, however*, that the failure by Lender to provide notice of the applicable interest rate shall not relieve Borrower of its obligation to make payment of amounts as and when due hereunder. Each determination by Lender of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

Section 2.5. Termination and Reduction of Commitment. (a) Unless previously terminated, the Commitment shall terminate automatically on the Maturity Date.

(b) Subject to the provisions of the Fee Agreement, Borrower may at any time terminate, or from time to time reduce, the Commitment; *provided* that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of \$100,000 and not less than \$500,000 and (ii) Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.7 hereof, the Revolving Credit Exposure would exceed the Commitment.

(c) Borrower shall notify Lender of any election to terminate or reduce the Commitment under paragraph (b) of this Section at least ten (10) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable. Any termination or reduction of the Commitment shall be permanent.

Section 2.6. Repayment of Loans; Evidence of Debt. (a) Subject to Section 2.16 hereof, Borrower hereby unconditionally promises to pay to Lender the then unpaid principal amount of each Loan and any then unpaid accrued interest on such Loan on the Maturity Date.

(b) Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to Lender resulting from each Loan made by Lender and the amounts of principal and interest payable and paid to Lender from time to time hereunder. The entries made in such account or accounts shall be prima facie evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of Lender to maintain such account or accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with the terms of this Agreement.

(c) The Loans shall be evidenced by a promissory note in the form of Exhibit C attached hereto (which, for the avoidance of doubt, includes any applicable Revolving Loans and the Term Loan). Borrower shall prepare, execute and deliver to Lender such promissory note as set forth in the immediately preceding sentence payable to Lender and in a form approved by Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 7.3 hereof) be represented by such promissory note.

Section 2.7. Prepayment of Loans. (a) Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, on the last day of any applicable Interest Period, without penalty, subject to prior notice in accordance with paragraph (b) of this Section. If the Borrower shall elect to prepay any Borrowing on any day that is not the last day of the applicable Interest Period for such Borrowing, then Borrower shall pay to Lender in immediately available funds on the date of such prepayment any fees calculated in accordance with Section 2.20 hereof.

(b) Borrower shall notify Lender by telephone (confirmed by electronic mail) or through the Electronic System, if arrangements for doing so have been approved by Lender, of any prepayment hereunder not later than 10:00 a.m., New York City time, ten (10) Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Loan or portion thereof to be prepaid.

Section 2.8. Fees. Borrower agrees to pay to Lender the fees and other amounts set forth in the Fee Agreement at the time and in the manner set forth in the Fee Agreement, including, but not limited to, the Undrawn Fee and Letter of Credit Fees. The Fee Agreement is, by this reference, incorporated herein in its entirety as if set forth herein in full. All fees and other amounts payable under the Fee Agreement shall be paid in immediately available funds. Fees paid shall not be refundable under any circumstances.

Section 2.9. Interest. (a) The Revolving Loans shall bear interest at the SOFR Rate.

(b) Upon the occurrence and continuance of an Event of Default hereunder, interest on all Loans and unreimbursed LC Disbursements shall accrue at the Default Rate. Interest on Loans and unreimbursed LC Disbursements accruing at the Default Rate and, to the extent set forth in the Fee Agreement, fees for Loans and Letters of Credit accruing at the Default Rate shall be payable on demand to Lender.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitment; *provided* that (i) interest accrued pursuant to paragraph (e) of this Section shall be payable on demand, and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) All interest hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed. The applicable SOFR Rate shall be determined by Lender, and such determination shall be conclusive absent manifest error.

(e) Anything herein to the contrary notwithstanding, the amount of interest payable hereunder for any interest period shall not exceed the Maximum Rate. If for any interest period the applicable interest rate would exceed the Maximum Rate, then (i) such interest rate will not exceed but will be capped at such Maximum Rate and (ii) in any interest period thereafter that the applicable interest rate is less than the Maximum Rate, any Obligation hereunder will bear interest at the Maximum Rate until the earlier of (x) payment to Lender of an amount equal to the amount which would have accrued but for the limitation set forth in this Section and (y) the Maturity Date. Upon the Maturity Date or, if no Revolving Credit Exposure is outstanding, on the date the Commitment is permanently terminated, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by Applicable Law, Borrower shall pay to Lender a fee in an amount equal to the amount which would have accrued but for the limitation set forth in this Section 2.9(e) that has not previously been paid to Lender in accordance with the immediately preceding sentence.

Section 2.10. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, Lender; or

(ii) impose on Lender any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by Lender or any Letter of Credit; or

(iii) subject Lender to any Taxes (other than (A) Indemnified Taxes, (B) Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to Lender of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by Lender hereunder (whether of principal, interest or otherwise), then Borrower will pay to Lender such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered.

(b) If Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on Lender's capital or on the capital of Lender's holding company, as a consequence of this Agreement, the Commitment of or the Loans made by Lender, to a level below that which Lender or Lender's holding company could have achieved but for such Change in Law (taking into consideration Lender's policies and the policies of Lender's holding company with respect to capital adequacy and liquidity), then from time to time Borrower will pay to Lender such additional amount or amounts as will compensate Lender or Lender's holding company for any such reduction suffered.

(c) A certificate of Lender setting forth the amount or amounts necessary to compensate Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation, *provided* that Borrower shall not be required to compensate Lender pursuant to this Section for any increased costs incurred or reductions suffered more than twelve (12) months prior to the date that Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions, and of Lender's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the twelve-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.11. Payments Free of Taxes. (a) Any and all payments by or on account of any obligation of Borrower under any Basic Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.11) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made. The foregoing obligation of Borrower shall not apply to any payment to a Participant that is a non-U.S. person that would be subject to withholding under FATCA.

(b) Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Lender timely reimburse Lender for, Other Taxes.

(c) As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section 2.11, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(d) Borrower shall indemnify Lender, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A reasonably detailed certificate as to the calculation of the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

(e) If Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.11 (including by the payment of additional amounts pursuant to this Section 2.11), it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.11 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Borrower, upon the request of Lender, shall repay to Lender the amount paid over pursuant to this paragraph (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will Lender be required to pay any amount to Borrower pursuant to this paragraph (e) the payment of which would place Lender in a less favorable net after-Tax position than Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to Borrower or any other Person.

(f) Each party's obligations under this Section 2.11 shall survive any assignment of rights by Lender, the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Basic Document.

Section 2.12. Payments Generally. (a) Borrower shall make each payment required to be made by it hereunder or under the Fee Agreement (whether of principal, interest, fees, or reimbursement of LC Disbursements, or of amounts payable under Section 2.10, 2.11 or 2.17 hereof, or otherwise) prior to 3:00 p.m., New York City time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to Lender at its Principal Office, or such other location as Lender may direct in writing to Borrower from time to time, except that payments pursuant to Sections 2.10, 2.11 or 2.17 and 7.5 hereof shall be made directly to the Persons entitled thereto. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to Lender to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, and (ii) second, ratably towards payment of principal and unreimbursed LC Disbursements then due hereunder.

Section 2.13. Mitigation Obligation. If Lender requests compensation under Section 2.10 hereof, or if Borrower is required to pay any Indemnified Taxes or additional amounts to Lender or any Governmental Authority for the account of Lender pursuant to Section 2.11 hereof, then Lender shall use reasonable efforts to designate a different lending office for funding or booking

its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.10 or 2.11 hereof, as the case may be, in the future and (ii) would not subject Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by Lender in connection with any such designation or assignment.

Section 2.14. [Reserved].

Section 2.15. Security of Obligations. To secure the payment of the Obligations and all regularly scheduled payments (but excluding termination payments) with respect to any Swap Agreement with Lender that are secured by the Net Revenues on a parity with the Obligations, the Borrower hereby pledges, and grants a security interest in and lien on, on a non-exclusive basis, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the Net Revenues. Said pledge shall constitute a lien on and security interest in the Net Revenues and shall automatically attach, be perfected, and be valid and binding from and after the delivery of this Agreement, without the need for any physical delivery thereof or further act. The pledge of, and security interest in, the Net Revenues herein made shall be irrevocable until the Commitment has expired or been terminated and all Obligations hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed. The pledge of the Net Revenues herein made shall be senior to any pledge of the Net Revenues made with respect to any Subordinate Debt. In addition to the security set forth in this Section 2.15, Borrower hereby grants to Lender a non-exclusive lien on and security interest in the Operating Account.

Section 2.16. Term Loan. (a) Borrower shall have the option to convert the unpaid principal amount of any Revolving Loan to a single Term Loan if the conditions set forth in Section 2.16(b) hereof are satisfied on and as of the Maturity Date.

(b) The obligation of Lender to convert the principal amount owed on a Revolving Loan to a Term Loan shall be subject to the fulfillment of each of the following conditions precedent on the Maturity Date in a manner satisfactory to Lender:

(i) the representations and warranties of Borrower contained herein and in each of the other Basic Documents and each certificate, letter, other writing or instrument delivered by Borrower to Lender pursuant hereto or thereto are true and correct on and as of the Maturity Date as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing as of the Maturity Date or would result from converting a Revolving Loan to a Term Loan.

(c) The Term Loan shall bear interest from the Maturity Date to the date the Term Loan is paid in full at a rate per annum equal to Term Out Rate as determined by Lender. Interest on the Term Loan shall be paid to Lender quarterly in arrears on the last Business Day of each March, June, September, and December. Interest on the Term Loan shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

(d) The principal of the Term Loan shall be paid in installments payable on each Amortization Payment Date (each such payment, an “*Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of the Term Loan to be paid in full on the Amortization End Date (the period commencing on the Maturity Date and ending on the Amortization End Date is herein referred to as the “*Amortization Period*”). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period.

Section 2.17. Letters of Credit.

(a) *General.* Subject to the terms and conditions set forth herein, Borrower may request the issuance of Letters of Credit as the applicant thereof for the support of maintenance and operating requirements to the System, including, but not limited to, PPA payment or collateral obligations, collateral postings with the California Independent System Operator and the posting of collateral for regulatory obligations pursuant to the requirements of the California Public Utilities Commission, in the form of a Letter of Credit Request at any time and from time to time during the Availability Period; *provided, however*, that prior to the issuance of each Letter of Credit hereunder, Borrower shall execute a Letter of Credit Request in the form prescribed by Lender from time to time. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by Borrower to, or entered into by Borrower with, Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions.* To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), Borrower shall hand deliver or fax (or transmit through an Electronic System approved by Lender) to Lender (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than five (5) Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension the Revolving Credit Exposure shall not exceed the Commitment.

Lender shall not be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain Lender from issuing such Letter of Credit, or any Requirement of Law relating to Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over Lender shall prohibit, or request that Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon Lender with respect to such

Letter of Credit any restriction, reserve or capital requirement (for which Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which Lender in good faith deems material to it, or

(ii) the issuance of such Letter of Credit would violate one or more policies of Lender applicable to letters of credit generally.

(c) *Expiration Date.* Unless otherwise expressly agreed to by Lender, each Letter of Credit shall expire (or be subject to termination by notice from Lender to the beneficiary thereof) one (1) year from issuance and at or prior to the close of business on the date that is thirty (30) calendar days prior to the Maturity Date.

(d) *Reimbursement.* If Lender shall make any LC Disbursement in respect of a Letter of Credit, Borrower shall reimburse such LC Disbursement by paying to Lender an amount equal to such LC Disbursement not later than 3:00 p.m., New York City time, on the date that such LC Disbursement is made, if Borrower shall have received notice of such LC Disbursement prior to 9:00 a.m., New York City time, on such date, or, if such notice has not been received by Borrower prior to such time on such date, then not later than 3:00 p.m., New York City time, on the Business Day immediately following the day that Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; *provided* that, if such LC Disbursement is not less than \$200,000, and no Default or Event of Default shall have occurred, Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.3 hereof that such payment be financed as a Revolving Loan in an equivalent amount and, to the extent so financed, Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving Loan.

(e) *Obligations Absolute.* Borrower's obligation to reimburse LC Disbursements as provided in paragraph (d) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, Borrower's obligations hereunder. Neither Lender nor any of its Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms, any error in translation or any consequence arising from causes beyond the control of Lender; *provided* that the foregoing shall not be construed to excuse Lender from liability to Borrower to

the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by Borrower to the extent permitted by applicable law) suffered by Borrower that are caused by Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of Lender (as finally determined by a court of competent jurisdiction), Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(f) *Disbursement Procedures.* Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Lender shall promptly after such examination notify Borrower by telephone (confirmed by fax or through an Electronic System) of such demand for payment if Lender has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve Borrower of its obligation to reimburse Lender with respect to any such LC Disbursement.

(g) *Cash Collateralization.* If any Event of Default shall occur and be continuing, on the Business Day that Borrower receives notice from Lender demanding the deposit of cash collateral pursuant to this paragraph, Borrower shall deposit in an account with Lender, in the name and for the benefit of Lender (the "*LC Collateral Account*"), an amount in cash equal to 105% of the amount of the LC Exposure as of such date plus accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to Borrower described in Section 6.1(c) or Section 6.1(f) hereof. Lender shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and Borrower hereby grants Lender a security interest in the LC Collateral Account and all moneys or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of Lender and at Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by Lender for LC Disbursements for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other Obligations. If Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to Borrower within three (3) Business Days after all such Events of Default have been cured or waived as confirmed in writing by Lender.

Section 2.18. Inability to Determine Rates; Illegality. Subject to Section 2.19, if, on or prior to the first day of any Interest Period for any SOFR Loan:

(a) Lender determines (which determination shall be conclusive and binding absent manifest error) that “1M SOFR” cannot be determined pursuant to the definition thereof, or

(b) Lender determines, in consultation with the Borrower, that for any reason in connection with any request for a SOFR Loan or a conversion thereto or a continuation thereof that 1M SOFR for any requested Interest Period with respect to a proposed SOFR Loan does not adequately and fairly reflect the cost to Lender of funding such Loan, or

(c) if Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for Lender or its applicable lending office to make, maintain or fund Loans whose interest is determined by reference to SOFR, the Term SOFR Reference Rate or 1M SOFR, or to determine or charge interest rates based upon SOFR, the Term SOFR Reference Rate or 1M SOFR, then, upon notice thereof by Lender to Borrower any obligation of Lender to make SOFR Loans, and any right of the Borrower to continue SOFR Loans shall be suspended, in each case until Lender notifies Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, if necessary to avoid such illegality, upon demand from Lender, prepay or, if applicable, convert all SOFR Loans to Loans that bear interest at the Base Rate, on the last day of the Interest Period therefor, if Lender may lawfully continue to maintain such SOFR Loans to such day, or immediately, if Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.20; then

Lender will promptly so notify the Borrower.

Upon notice thereof by Lender to the Borrower, any obligation of Lender to make SOFR Loans, shall be suspended (to the extent of the affected SOFR Loans or affected Interest Periods) until Lender revokes such notice. Upon receipt of such notice, (i) the Borrower may revoke any pending request for a borrowing of SOFR Loans (to the extent of the affected SOFR Loans or affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of Loans that bear interest at the Base Rate in the amount specified therein and (ii) any outstanding affected SOFR Loans will be deemed to have been converted into Loans that bear interest at the Base Rate at the end of the applicable Interest Period. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 2.20.

Section 2.19. Benchmark Replacement Setting.

(a) *Benchmark Replacement.* (i) Notwithstanding anything to the contrary herein or in any other Basic Document (and any agreement executed in connection with a Swap Agreement

shall be deemed not to be a “Basic Document” for purposes of this Section titled “Benchmark Replacement Setting”), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (A) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Basic Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Basic Document and (B) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Basic Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Basic Document.

(ii) *Benchmark Replacement Conforming Changes.* In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Lender will have the right, in consultation with the Borrower, to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Basic Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Basic Document.

(iii) *Notices; Standards for Decisions and Determinations.* The Lender will promptly notify the Borrower of (A) the implementation of any Benchmark Replacement, and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Lender will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (iv) below and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Lender pursuant to this Section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Basic Document except, in each case, as expressly required pursuant to this Section.

(iv) *Unavailability of Tenor of Benchmark.* Notwithstanding anything to the contrary herein or in any other Basic Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate or based on a term rate and either (I) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion or (II) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Lender may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor; and (B) if a tenor that was

removed pursuant to clause (A) above either (I) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (II) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Lender may, in consultation with the Borrower, modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) *Benchmark Unavailability Period.* Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a given Benchmark, the Borrower may revoke any pending request for a Loan bearing interest based on or with reference to such Benchmark or conversion to or continuation of Loans bearing interest based on or with reference to such Benchmark to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Base Rate Loan or conversion to a Base Rate Loan. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(vi) *Definitions.* As used in this Section:

“*Available Tenor*” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, if such Benchmark (a) is 1M SOFR, one month, and (b) is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor of such Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (iv) of this Section.

“*Benchmark*” means, initially, SOFR and 1M SOFR; *provided* that if a Benchmark Transition Event has occurred with respect to the then-current Benchmark, then “*Benchmark*” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to this Section.

“*Benchmark Replacement*” means, with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:

(1) Daily Simple SOFR;

(2) the sum of (A) the alternate benchmark rate that has been selected by the Lender and the Borrower, giving due consideration to (x) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (y) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. dollar-denominated syndicated

credit facilities at such time and (B) the related Benchmark Replacement Adjustment;

provided that if the Benchmark Replacement as determined pursuant to the foregoing would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Basic Documents; and *provided further*, that any Benchmark Replacement shall be administratively feasible as determined by the Lender in its sole discretion.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender and the Borrower, giving due consideration to (A) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means a date and time determined by the Lender, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Lender, which date shall promptly follow the date of the public statement or publication of information referenced therein;

For the avoidance of doubt, if such Benchmark is a term rate or is based on a term rate, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means, the occurrence of one or more of the following events, with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Lender, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over the Lender announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if such Benchmark is a term rate or is based on a term rate, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and

under any Basic Document in accordance with this Section 2.19 titled “Benchmark Replacement Setting” and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Basic Document in accordance with this Section 2.19 titled “Benchmark Replacement Setting.”

“*Floor*” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to 1M SOFR, or, if no floor is specified, zero.

“*Relevant Governmental Body*” means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or any successor thereto.

“*Unadjusted Benchmark Replacement*” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

Section 2.20. Compensation for Losses. In the event of (a) the payment of any principal of any SOFR Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any SOFR Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), or (c) the failure to borrow, convert, continue or prepay any SOFR Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrower shall compensate each Lender for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

ARTICLE 3

CONDITIONS

Section 3.1. Conditions Precedent to Effectiveness. The obligation of Lender to make Loans and to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied:

(a) *Opinions.* Lender shall have received from Borrower’s legal counsel an opinion, addressed to Lender and dated as of the Closing Date, as to the due authorization, execution and delivery of this Agreement and the other Basic Documents, and as to the validity and enforceability with respect to the Borrower of this Agreement and the other Basic Documents, the pledge of Net Revenues securing the Obligations constituting a valid pledge in accordance with Section 2.15 hereof, and such other matters as Lender may reasonably request, in form and substance satisfactory to Lender and its counsel.

(b) *Documents.* (i) Lender has received executed copies of the Basic Documents executed by Borrower on the Closing Date or prior to the Closing Date if certified by the Clerk of the Board or any Authorized Representative of the Borrower, as applicable, as being complete and in full force and effect on and as of the Closing Date.

(ii) Lender has received a certified copy of the Joint Powers Agreement, representative examples satisfactory to it of PPAs entered into as of the Closing Date, and the Resolution.

(c) *Defaults; Representations and Warranties.* On and as of the Closing Date, the representations of Borrower set forth in Article Four hereof are true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of such date and no Default or Event of Default has occurred and is continuing or would result from the execution and delivery of this Agreement and the Fee Agreement, each as certified to by an Authorized Representative of the Borrower.

(d) *No Litigation.* No action, suit, investigation or proceeding is pending (notice of which has been properly served on the Borrower) or, to the knowledge of Borrower, threatened (i) in connection with the Basic Documents or any transactions contemplated thereby or (ii) against or affecting Borrower, the result of which could have a Material Adverse Effect.

(e) *No Material Adverse Change.* Since the date of the audited financial statements dated as of June 30, 2024, (i) no Material Adverse Change has occurred in the status of the business, operations or condition (financial or otherwise) of Borrower or its ability to perform its obligations under the Basic Documents and (ii) to the best of its knowledge, no law, regulation, ruling or other action (or interpretation or administration thereof) of the United States, the State of California or any political subdivision or authority therein or thereof is in effect or has occurred, the effect of which would be to prevent Lender from fulfilling its obligations under this Agreement or the Letters of Credit.

(f) *Certificate.* Lender has received (i) certified copies of all proceedings of Borrower authorizing the execution, delivery and performance of the Basic Documents and the transactions contemplated thereby and (ii) a certificate or certificates of one or more Authorized Representatives dated the Closing Date certifying the accuracy of the statements made in Section 3.1(c), (d), and (e) hereof and further certifying the name, incumbency and signature of each individual authorized to sign this Agreement, the Fee Agreement and the other documents or certificates to be delivered by Borrower pursuant hereto or thereto, on which certification Lender may conclusively rely until a revised certificate is similarly delivered, and that the conditions precedent set forth in this Section 3.1 have been satisfied.

(g) *Payment of Fees.* Lender has received all fees and expenses due and payable to Lender and/or its legal counsel pursuant to the Fee Agreement.

(h) *Financial Statements.* Lender has received the audited financial statements dated as of June 30, 2023 and June 30, 2024, and internally prepared quarterly budget reports of Borrower for the most recent fiscal quarter end, if not previously provided, in form and substance satisfactory to Lender.

(i) *Budget.* Lender has received copies of the current financial information, budgets, or projections, as requested by Lender.

(j) *Other Matters.* Lender has received such other statements, certificates, agreements, documents and information with respect to Borrower and matters contemplated by this Agreement as Lender may have requested.

Section 3.2. Conditions Precedent to each Credit Event. The obligation of Lender to make a Loan on the occasion of any Borrowing, and of Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of Borrower set forth in Article 4 of this Agreement shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

(c) It has provided Lender with a completed Borrowing Request substantially in the form of Exhibit B hereto.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

In order to induce Lender to make Loans and issue the Letters of Credit, Borrower represents and warrants to Lender as follows:

Section 4.1. Organization, Powers, Etc. Borrower (a) is a public agency formed under the provisions of the Joint Exercise of Powers Act and serves as a community choice aggregator on behalf of its Members pursuant to California Public Utilities Code Section 366.2 and; (b) has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying unless the failure to be so licensed or qualified could not reasonably be expected to have a Material Adverse Effect. Borrower (a) has the agency power to (i) execute, deliver and perform its obligations under

the Basic Documents; and (ii) provide for the security of this Agreement and the Fee Agreement pursuant to the Joint Exercise of Powers Act and California Government Code section 5451; and (b) has complied with all Laws in all matters related to such actions of Borrower as are contemplated by the Basic Documents unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 4.2. Authorization, Absence of Conflicts, Etc. The execution, delivery and performance by Borrower of the Basic Documents (a) have been duly authorized by all necessary action on the part of Borrower, (b) do not conflict with, or result in a violation of, any Laws, including the Joint Powers Agreement, or any order, writ, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to Borrower which conflict or violation would result in a Material Adverse Effect and (c) do not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which Borrower is a party or by which Borrower or any of its property is bound which, in any case, would result in a Material Adverse Effect.

Section 4.3. Binding Obligations. The Basic Documents are valid and binding obligations of Borrower (assuming due authorization, execution and delivery by the other parties thereto) enforceable against Borrower in accordance with their respective terms, except to the extent, if any, that the enforceability thereof may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law of the State or Federal government affecting the enforcement of creditors' rights generally heretofore or hereafter enacted, (ii) the fact that enforcement may also be subject to the exercise of judicial discretion in appropriate cases and (iii) the limitations on legal remedies against public agencies of the State.

Section 4.4. Governmental Consent or Approval. No consent, approval, permit, authorization or order of, or registration or filing with, any court or government agency, authority or other instrumentality not already obtained, given or made is required on the part of Borrower for execution, delivery and performance by Borrower of the Basic Documents.

Section 4.5. Absence of Material Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator or governmental or other board, body or official pending and for which the Borrower has received service of process or, to the best knowledge of Borrower, threatened against or affecting Borrower questioning the validity of the Joint Powers Agreement, the execution, delivery and performance by Borrower of the Basic Documents or any proceeding taken or to be taken by Borrower or the Board in connection therewith, or seeking to prohibit, restrain or enjoin the execution, delivery and performance by Borrower of the Basic Documents, or which could reasonably be expected to result in any Material Adverse Effect (any such action or proceeding being herein referred to as "*Material Litigation*").

Section 4.6. Financial Condition. The most recent audited financial statements of the Borrower delivered to Lender (the "*Audited Financial Statements*") were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved and were subject to certification by independent certified public accountants of nationally recognized standing or by independent certified public accountants otherwise acceptable to Lender. The most recent unaudited financial statements of the System delivered to Lender were prepared on a consistent

basis and in accordance with GAAP (except for the omission of a cash flow statement and footnotes). The data on which such financial statements and budget reports are based were true and correct in all material respects. The Audited Financial Statements and the budget reports present fairly the net position of the System as of the date they purport to represent and the revenues, expenses and changes in fund balances and in net position for the periods then ended.

Section 4.7. Incorporation of Representations and Warranties. The representations and warranties of Borrower set forth in the Basic Documents (other than this Agreement and the Fee Agreement) are true and accurate in all material respects on the Closing Date, as fully as though made on the Closing Date. Borrower makes, as of the Closing Date, each of such representations and warranties to, and for the benefit of, Lender, as if the same were set forth at length in this Section 4.7 together with all applicable definitions thereto. No amendment, modification or termination of any such representations, warranties or definitions contained in the Basic Documents (other than this Agreement and the Fee Agreement) will be effective to amend, modify or terminate the representations, warranties and definitions incorporated in this Section 4.7 by this reference, without the prior written consent of Lender.

Section 4.8. Accuracy and Completeness of Information. The Basic Documents and all certificates, financial statements, documents and other written information furnished to Lender by or on behalf of Borrower in connection with the transactions contemplated hereby were, as of their respective dates, complete and correct in all material respects to the extent necessary to give Lender true and accurate knowledge of the subject matter thereof and did not contain any untrue statement of a material fact.

Section 4.9. No Default. (a) No Default or Event of Default under this Agreement has occurred and is continuing.

(b) No “event of default” with respect to Borrower has occurred and is continuing under any other material mortgage, indenture, contract, agreement or undertaking respecting the System (including, but not limited to, any PPA) to which Borrower is a party or which purports to be binding on Borrower or on any of the property of Borrower.

Section 4.10. No Proposed Legal Changes. There is no amendment or, to the knowledge of Borrower, proposed amendment to the Constitution of the State, any State law or the Joint Powers Agreement or any administrative interpretation of the Constitution of the State, any State law, or the Joint Powers Agreement, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 4.11. Compliance with Laws, Etc. Borrower is in compliance with the Investment Policy and all Laws applicable to Borrower, non-compliance with which could reasonably be expected to have a Material Adverse Effect. In addition, no benefit plan maintained by Borrower for its employees is subject to the provisions of ERISA, and Borrower is in compliance with all Laws in respect of each such benefit plan, non-compliance with which could reasonably be expected to have a Material Adverse Effect.

Section 4.12. Environmental Matters. Borrower has not taken any action in the operation of the System that would constitute a violation of any Environmental Laws and which violation could reasonably be expected to result in a Material Adverse Effect.

Section 4.13. Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

Section 4.14. Liens. This Agreement creates a valid Lien on and pledge of Net Revenues to secure the payment and performance of Borrower's obligations under this Agreement and the Fee Agreement, and no filings, recordings, registrations or other actions are necessary on the part of Borrower, Lender or any other Person to create or perfect such Lien. Except for the pledge of and Lien on Net Revenues contained in this Agreement, there is no outstanding pledge of or Lien on Net Revenues.

Section 4.15. Sovereign Immunity. Pursuant to California Government Code Section 900 et seq., the Borrower is subject to claims and to suit for damages in connection with its obligations under this Agreement and any other Basic Document pursuant to and in accordance with the laws of the State applicable to governmental entities such as the Borrower and, for the avoidance of doubt, is not entitled to immunity from legal proceedings to enforce the Basic Documents (including, without limitation, immunity from service of process or immunity from jurisdiction of any court otherwise having jurisdiction).

Section 4.16. Usury. The terms of the Basic Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws of the State.

Section 4.17. Insurance. As of the Closing Date, Borrower maintains such insurance, including self-insurance, as is required by Section 5.1(k) hereof.

Section 4.18. ERISA. Borrower does not maintain or contribute to, and has not maintained or contributed to, any Employee Plan that is subject to Title IV of ERISA.

Section 4.19. [Sanctions Concerns, International Trade Laws and Anti-Corruption Laws.
(a) The Borrower, and its directors and officers, and any employee, agent, or affiliate acting on behalf of the Borrower: (a) is not a Sanctioned Person; (b) does not do any business in or with, or derive any of its operating income from direct or indirect investments in or transactions involving, any Sanctioned Jurisdiction or Sanctioned Person; and (c) is not in violation of, and has not, during the past five (5) years, directly or indirectly, taken any act that could cause the Borrower to be in violation of applicable International Trade Laws. Neither the Borrower nor any of its directors, officers, employees, or to the knowledge of the Borrower, its agents or affiliates acting on behalf of the Borrower has, during the past five (5) years, received any notice or communication from any Person that alleges, or has been involved in an internal investigation involving any allegations relating to, potential violation of any International Trade Laws, or has received a request for information from any Governmental Authority regarding International Trade Law matters. The Borrower has instituted and maintains policies and procedures reasonably designed to ensure

compliance with applicable International Trade Laws. The Borrower represents and warrants that there is no Blocked Property pledged pursuant to Section 2.15 of this Agreement.]¹⁴

(b) The Borrower, and its directors and officers, and any employee, agent, or affiliate acting on behalf of the Borrower, is not in violation of, and has not, during the past five (5) years, directly or indirectly, taken any act that could cause the Borrower to be in violation of Anti-Corruption Laws, including any act in furtherance of an offer, payment, promise to pay, authorization, or ratification of payment, directly or indirectly, of any money or anything of value (including any gift, sample, rebate, travel, meal and lodging expense, entertainment, service, equipment, debt forgiveness, donation, grant or other thing of value, however characterized) to any Government Official or any other Person to secure any improper advantage or to obtain or retain business. Neither the Borrower nor any of its directors, officers, employees, or to the knowledge of the Borrower, its agents or affiliates acting on behalf of the Borrower has, during the past five (5) years, received any notice or communication from any Person that alleges, or has been involved in an internal investigation involving any allegations relating to, potential violation of any Anti-Corruption Laws, or has received a request for information from any Governmental Authority regarding Anti-Corruption Law matters. The Borrower has instituted and maintains policies and procedures reasonably designed to ensure compliance with Anti-Corruption Laws.

Section 4.20. Debt of Borrower. As of the Closing Date, Borrower has not incurred or issued any Debt of Borrower that will remain outstanding as of the Closing Date other than the Debt of Borrower created under this Agreement.

ARTICLE 5

COVENANTS

Section 5.1. Affirmative Covenants. Until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, Borrower covenants and agrees with Lender that:

(a) *Accounting and Reports.* Borrower shall maintain a standard system of accounting in accordance with GAAP consistently applied and furnish to Lender:

(i) as soon as available, and in any event within sixty (60) days after each fiscal quarter of Borrower, an unaudited balance sheet of Borrower, as of the last day of the quarterly period then ended and the statements of income, retained earnings and cash flows of Borrower for the four (4) fiscal quarter periods then ended, prepared in accordance with GAAP (except for the omission of a cash flow statement and footnotes) and in a form acceptable to Lender;

¹⁴ NTD: Under review by Ava legal.

(ii) as soon as available, and in any event within six (6) months after the close of each Fiscal Year of Borrower, a copy of the audited balance sheet of Borrower, as of the last day of the Fiscal Year then ended and the statements of income, retained earnings and cash flows of Borrower for the Fiscal Year then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous Fiscal Year, accompanied by an unqualified opinion thereon of Borrower's independent public accountants, to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the financial condition of Borrower as of the close of such Fiscal Year and the results of its operations and cash flows for the Fiscal Year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(iii) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Borrower's operations and financial affairs given to it by its independent public accountants;

(iv) promptly after knowledge thereof shall have come to the attention of any responsible officer of Borrower, written notice of any litigation threatened in writing or any pending litigation or governmental proceeding or labor controversy against Borrower which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or result in the occurrence of any Default or Event of Default hereunder;

(v) as soon as available, and in any event within forty-five (45) days of adoption, Borrower shall provide Lender its annual budget;

(vi) reserved;

(vii) promptly after receipt thereof, representative copies of each PPA entered into by Borrower;

(viii) reserved;

(ix) immediately upon any such occurrence, written notice as to the dissolution of the Lockbox Account and/or termination of the Security Agreement; and

(x) promptly after the request therefor, all such other information as Lender may reasonably request.

Each of the financial statements furnished to Lender pursuant to subsection (a)(i) and (ii) of this Section 5.1 shall be accompanied by a compliance certificate, substantially in the form of Exhibit A hereto, signed by an Authorized Representative stating that no Event of Default or Default has occurred or if any Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and, in connection with the financial statements furnished to Lender pursuant to subsection (a)(i), compliance with Section 5.1(q).

(b) *Access to Records.* At any reasonable time and from time to time, during normal business hours and, so long as no Event of Default has occurred and is continuing, on at least five (5) Business Days' notice, Borrower shall permit Lender or any of its agents or representatives to visit and inspect any of the properties of Borrower and the other assets of Borrower, to examine the books of account of Borrower (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of Borrower with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as Lender may reasonably request.

(c) *Compliance with Basic Documents; Operation and Maintenance of System.*
 (i) Borrower shall perform and comply with each covenant set forth in the Basic Documents and any other agreements, instruments or documents evidencing Parity Debt or Subordinate Debt. By the terms of this Agreement, Lender is hereby made a third party beneficiary of the covenants set forth in each of the Basic Documents (other than this Agreement and the Fee Agreement), and each such covenant, together with the related definitions of terms contained therein, is incorporated by reference in this Section 5.1(c) with the same effect as if it were set forth herein in its entirety. Except as otherwise set forth in paragraph (ii) below and in Section 5.2(a) hereof, Borrower will not amend, supplement or otherwise modify (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or release or permit the release of any collateral held under any of the Basic Documents in any manner without the prior written consent of Lender, and Borrower shall take, or cause to be taken, all such actions as may be reasonably requested by Lender to strictly enforce the obligations of the other parties to any of the Basic Documents, as well as each of the covenants set forth therein. Borrower shall give prior written notice to Lender of any action referred to in this subparagraph (i).

(ii) Borrower will enter into, perform and maintain such contractual relationships and PPAs as are necessary for Borrower to provide Product and such other services and resources as are necessary for the operation of the System.

(d) *Defaults.* Borrower shall notify Lender of any Default or Event of Default of which Borrower has knowledge, as soon as possible and, in any event, within three (3) Business Days of acquiring knowledge thereof, setting forth the details of such Default or Event of Default and the action which Borrower has taken and proposes to take with respect thereto.

(e) *[Compliance with Laws.* Borrower shall comply in all material respects with all Laws binding upon or applicable to Borrower (including Environmental Laws) and material to the Basic Documents. Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Borrower and its respective directors, officers, employees and agents with Anti-Corruption Law, Anti-Money Laundering, and International Trade Laws. Borrower will not use or allow any tenants or subtenants to use its Property for any business activity that violates any federal or state law or that supports a business that violates any federal or state law.]¹⁵

(f) *Reserved.*

(g) *Notices.* Borrower shall promptly give notice to Lender of any action, suit or proceeding actually known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, if adversely determined, would materially impair the ability of Borrower to perform its obligations under any Basic Document.

(h) *Reserved.*

(i) *Further Assurances.* Borrower shall execute, acknowledge where appropriate and deliver, and cause to be executed, acknowledged where appropriate and delivered, from time to time, promptly at the request of Lender, all such instruments and documents as are usual and customary or advisable to carry out the intent and purpose of the Basic Documents.

(j) *Additional Notices.* Borrower shall promptly furnish, or cause to be furnished, to Lender (i) notice of the occurrence of (x) any “default” or “event of default” or “termination event” under any Basic Document (other than this Agreement and the Fee Agreement), or (y) any event of default under a PPA that could have a Material Adverse Effect, (ii) copies of any communications received from any Governmental Authority with respect to the transactions contemplated by the Basic Documents or any other Debt of Borrower which are not restricted or prohibited from being shared with Lender under the law or the direction of a court of competent jurisdiction or other Governmental Authority, (iii) notice of any proposed modification to any Lockbox Security Document, (iv) notice of any proposed substitution of any Letter of Credit, and (v) notice of the passage of any state or local Law not of general applicability to all Persons of which Borrower has knowledge, which could reasonably be expected to have a Material Adverse Effect.

(k) *Maintenance of Insurance.* Borrower shall maintain, or cause to be maintained, at all times, insurance on and with respect to its properties with responsible and reputable insurance companies; *provided, however,* that Borrower may maintain self-insurance coverage from a California public agency risk pool. Such insurance must include casualty, liability and workers’ compensation and be in amounts and with

¹⁵ NTD: Under review by Ava legal.

deductibles and exclusions customary and reasonable for governmental entities of similar size and with similar operations as Borrower. Borrower shall, upon request of Lender, furnish evidence of such insurance to Lender. Borrower shall also procure and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Revenues or funds of the System, such insurance or bond to be in an aggregate amount at least equal to the maximum amount of such Revenues or funds at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as part of any comprehensive fidelity and other insurance and not separately for the System.

(l) *Preservation of Security.* Borrower shall take any and all actions necessary to preserve and defend the pledge of Net Revenues set forth in this Agreement.

(m) *Rates.* Borrower shall fix, establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the System, which shall be set in accordance with applicable law and shall be sufficient to provide Borrower with Revenues in each Fiscal Year sufficient to pay, to the extent not paid from other available moneys, any and all amounts Borrower is obligated to pay or set aside from Revenues by law or contract in such Fiscal Year (including, without limitation, all Obligations when due hereunder).

(n) *Budget.* Borrower shall include in each annual budget of Borrower all amounts reasonably anticipated to be necessary to pay all obligations due to Lender hereunder and under the Fee Agreement. If the amounts so budgeted are not adequate for the payment of the obligations due hereunder and under the Fee Agreement, Borrower shall take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be paid to Lender during the course of the Fiscal Year to which such annual budget applies.

(o) *Payment of Taxes, Etc.* Borrower shall pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon Borrower on account of the System or any portion thereof and which, if unpaid, might impair the security of this Agreement and the Fee Agreement, but nothing herein contained will require Borrower to pay any such tax, assessment or charge so long as it in good faith contests the validity thereof. Borrower shall duly observe and comply with all valid material requirements of any Governmental Authority relative to the System or any part thereof.

(p) *Lockbox Security Documents and PPAs.* Borrower shall perform and comply with all its agreements and covenants set forth in the Lockbox Security Documents and the PPAs. Borrower will not amend, supplement or otherwise modify (or permit any of the foregoing) any Lockbox Security Document in any manner that could reasonably be expected to have a materially adverse effect on the interests of Lender without the prior written consent of Lender, and Borrower shall take, or cause to be taken, all such actions as may be reasonably requested by Lender to strictly enforce the obligations of the other parties to any of the Lockbox Security Documents, as well as each of the covenants set

forth therein. Borrower shall give prior written notice to Lender of any proposed action referred to in this subparagraph (p).

(q) *Minimum Liquidity.* Borrower shall at all times maintain the Minimum Liquidity Requirement. The Minimum Liquidity Requirement shall be tested as of the last day of each fiscal quarter of Borrower, commencing with the last day of the fiscal quarter ending December 31, 2025.

(r) *Reserve Policy.* Borrower shall comply with the terms of its Reserve Policy in all respects and shall not amend such Reserve Policy without the prior written consent of Lender, which such consent shall not be unreasonably withheld.

(s) *Use of Proceeds.* The proceeds of the Loans will be used only for the purposes expressly provided for in this Agreement. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Federal Reserve Board, including Regulations T, U and X. Letters of Credit will be issued only for the purposes described in Section 2.17(a).

(t) *Reserved.*

(u) *[Anti-Corruption Laws; Anti-Money Laundering Laws; and International Trade Laws.* The Borrower covenants and agrees that it shall: (a) immediately notify the Lender in writing upon the occurrence of a Reportable Compliance Event; and (b) conduct its business in compliance with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and International Trade Laws and maintain in effect policies and procedures reasonably designed to ensure compliance with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and International Trade Laws by the Borrower, and its directors and officers, and any employee, agent or affiliate acting on behalf of the Borrower in connection with this Agreement.]¹⁶

(v) *Operating Accounts.* Borrower shall (i) no later than ninety (90) days after the Closing Date, open an operating account with the Lender, (ii) thereafter, cause funds received from the Collateral Agent pursuant to Section 6.02(iv) of the Security Agreement to be directly deposited into the Operating Account, and otherwise cause its Lockbox Account to be swept to an operating account held by Lender on a monthly basis, pursuant to documents satisfactory to Lender, and (iii) upon any dissolution of Borrower's Lockbox Account, immediately transfer all funds in Borrower's Lockbox Account to Borrower's primary operating accounts with Lender.

(w) *Maintenance of Rating.* Borrower shall cause a long-term unenhanced rating to be maintained on its Parity Debt (other than the Obligations) (or, for so long as

¹⁶ NTD: Under review by Ava legal.

no long-term unenhanced rated Parity Debt is outstanding, an issuer credit rating) by any one of Fitch, Moody's, or S&P.

Section 5.2. Negative Covenants. Until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, Borrower covenants and agrees with Lender that it will not:

(a) *No Impairment.* Take any action that would have an adverse effect on (i) the ability of Borrower to pay when due amounts owing to Lender or any Participant under this Agreement or the Fee Agreement; (ii) the pledge of Net Revenues as security for the Obligations or the priority of payments from Net Revenues provided in this Agreement; or (iii) the rights or remedies of Lender under the Basic Documents.

(b) *Merger, Disposition of Assets.* Consolidate or merge with or into any Person or sell, lease or otherwise transfer all or substantially all of its assets to any Person.

(c) *Abandon.* Take any action to abandon the System or any significant portion thereof.

(d) *Preservation of Corporate Existence, Etc.* Take any action to terminate its existence as a public agency under the Joint Exercise of Powers Act or its rights and privileges as such entity within the State. Borrower shall not permit the termination of the Joint Powers Agreement or the cessation of Borrower's CCA Program (as defined in the Joint Powers Agreement).

(e) *Liens.* Create or suffer to exist or permit any Lien on the Revenues or the proceeds thereof other than the Liens (i) created by this Agreement or the Lockbox Security Documents, (ii) securing Debt permitted to be issued under Section 5.2(i) hereof, or (iii) securing Swap Agreements to extent permitted under Section 5.2(k) hereof.

(f) *Sovereign Immunity.* To the fullest extent permitted by applicable law, in each case, with respect to its obligations arising under this Agreement or any other Basic Document, Borrower irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Basic Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its Net Revenues might otherwise be entitled in any such action, suit or other proceeding.

(g) *Preservation of Existence, Etc.* Take any action to accomplish a merger, consolidation or combination of the System with any other entity or enterprise.

(h) *Use of Proceeds.* Use the Letters of Credit for any purpose other than the uses set forth in Section 2.17(a). Use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. Use the proceeds for any Loan for any purposes other than (i) to provide cash collateral to secure Borrower's obligations under PPAs, collateral postings with the California Independent System Operator and the posting of collateral for regulatory obligations pursuant to the requirements of the California Public Utilities Commission, (ii) to repay in whole or in part any LC Disbursement, or (iii) for general working capital and operational purposes. For the avoidance of doubt, the proceeds of any Loan may not be used for long-term expenditures other than long term purchases of Products pursuant to PPA. Use the proceeds of any Loan or any Letter of Credit in violation of any Anti-Corruption Law, Anti-Money Laundering Law, or International Trade Laws.

(i) *Debt of Borrower.* Issue, incur, assume or permit to exist any Debt of the Borrower other than (x) Parity Debt described in clause (i) below and (y) Subordinate Debt described in clause (ii) below.

(i) Issue, incur, assume or permit to exist any Parity Debt except (x) the Obligations and (y) additional Parity Debt issued or incurred in compliance with the following conditions:

(A) no Default or Event of Default shall have occurred and be continuing immediately before and after the issuance or incurrence of such Parity Debt;

(B) such Parity Debt does not exceed at any time any applicable limitation set forth in the Constitution of the State, any State law, the Joint Powers Agreement or any other resolutions or ordinances adopted by the Borrower;

(C) compliance by the Borrower (i) with the Minimum Liquidity Requirement at the time of issuance or incurrence of such Parity Debt and (ii) on a pro forma basis with the Minimum Liquidity Requirement as of the last day of the fiscal quarter of the Borrower immediately succeeding the date of issuance, incurrence, assumption or permission of such additional Parity Debt, in each case as evidenced by a reasonably detailed calculation delivered by the Borrower to the Lender prior to such issuance, incurrence, assumption or permission; and

(D) compliance by the Borrower with either (1) or (2) below:

(1) delivery of a written certificate of the Borrower: (I) setting forth the Net Revenues for the most recent Fiscal Year for which audited financial statements are available (in reasonable detail and with reasonable assumptions), (II) setting forth Annual Debt Service for such Fiscal Year (inclusive of such additional Parity Debt and in reasonable detail with reasonable assumptions) and (III) demonstrating that the Net Revenues for such Fiscal Year were at least equal to 1.10 times the Annual Debt Service for such Fiscal Year; provided, that (a) the Borrower and Lender, jointly, may adjust Net Revenues to reflect an allowance for any customers of the System that are reasonably identifiable, factually supportable and were not customers of the System during all or any part of such Fiscal Year in an amount equal to the estimated additional Net Revenues that would have been derived from each such customer if it had been a customer prior to the beginning of such Fiscal Year and (b) the Borrower may in good faith, subject to the prior written consent of the Lender (which consent may not be unreasonably withheld), adjust Net Revenues to reflect an allowance for Net Revenues that are reasonably identifiable, factually supportable and would have been derived from any increase in rates, fees, and charges that became effective prior to the issuance or incurrence of such Parity Debt but which was not in effect, during all or any part of such Fiscal Year under consideration, in an amount equal to the estimated additional Net Revenues that would have been derived from such increase in rates, fees, and charges if it had been in effect prior to the beginning of such Fiscal Year; or

(2) delivery of a written certificate of the Borrower: (I) setting forth projected Net Revenues for the next succeeding Fiscal Year (in reasonable detail and with reasonable assumptions), (II) setting forth projected Annual Debt Service (inclusive of any additional Parity Debt and in reasonable detail with reasonable assumptions) for such Fiscal Year and (III) demonstrating that the projected Net Revenues for such Fiscal Year are projected to be at least equal to 1.10 times the Annual Debt Service for such Fiscal Year; provided, that the Borrower and Lender, jointly, may adjust Net Revenues to reflect (a) an allowance for Net Revenues that are reasonably identifiable, factually supportable and estimated to be derived from any increase in rates, fees, and charges that have been adopted and will be in effect during all or any portion of the period for which such projections are provided, (b) an allowance for Net Revenues that are reasonably identifiable, factually supportable and estimated to be derived from new customers of the System anticipated to be served during all or any portion of the period for which such projections are provided in an amount equal to the additional Net Revenues that are estimated to be derived from such

customers and (c) an allowance for any Net Revenues that are reasonably identifiable, factually supportable and associated with the acquisition or development of power generation assets.

(ii) Issue, incur, assume or permit to exist any Subordinate Debt except for Subordinate Debt issued or incurred in compliance with the following conditions:

(A) no Default or Event of Default shall have occurred and be continuing immediately before and after the issuance or incurrence of such Subordinate Debt;

(B) such Subordinate Debt does not exceed at any time any applicable limitation set forth in the Constitution of the State, any State law, the Joint Powers Agreement or any other resolutions or ordinances adopted by the Borrower;

(C) compliance by the Borrower (i) with the Minimum Liquidity Requirement at the time of issuance or incurrence of such Subordinate Debt and (ii) on a pro forma basis with the Minimum Liquidity Requirement as of the last day of the fiscal quarter of the Borrower immediately succeeding the date of issuance, incurrence, assumption or permission of such additional Subordinate Debt, in each case as evidenced by a reasonably detailed calculation delivered by the Borrower to the Lender prior to such issuance, incurrence, assumption or permission; and

(D) compliance by the Borrower with either (1) or (2) below:

(1) delivery of a written certificate of the Borrower: (I) setting forth the Net Revenues for the most recent Fiscal Year for which audited financial statements are available (in reasonable detail and with reasonable assumptions), (II) setting forth Annual Debt Service for such Fiscal Year (inclusive of such additional Subordinate Debt and in reasonable detail with reasonable assumptions) and (III) demonstrating that the Net Revenues for such Fiscal Year were at least equal to 1.00 times the Annual Debt Service for such Fiscal Year; provided, that (a) the Borrower and Lender, jointly, may adjust Net Revenues to reflect an allowance for any customers of the System that are reasonably identifiable, factually supportable and were not customers of the System during all or any part of such Fiscal Year in an amount equal to the estimated additional Net Revenues that would have been derived from each such customer if it had been a customer prior to the beginning of such Fiscal Year and (b) the Borrower may in good faith, subject to the prior written consent of the Lender (which consent may not be unreasonably withheld), adjust Net Revenues to

reflect an allowance for Net Revenues that are reasonably identifiable, factually supportable and would have been derived from any increase in rates, fees, and charges that became effective prior to the issuance or incurrence of such Subordinate Debt but which was not in effect, during all or any part of such Fiscal Year under consideration, in an amount equal to the estimated additional Net Revenues that would have been derived from such increase in rates, fees, and charges if it had been in effect prior to the beginning of such Fiscal Year; or

(2) delivery of a written certificate of the Borrower: (I) setting forth projected Net Revenues for the next succeeding Fiscal Year (in reasonable detail and with reasonable assumptions), (II) setting forth projected Annual Debt Service (inclusive of such additional Subordinate Debt and in reasonable detail with reasonable assumptions) for such Fiscal Year and (III) demonstrating that the projected Net Revenues for such Fiscal Year are projected to be at least equal to 1.00 times the Annual Debt Service for such Fiscal Year; provided, that the Borrower and Lender, jointly, may adjust Net Revenues to reflect (a) an allowance for Net Revenues that are reasonably identifiable, factually supportable and estimated to be derived from any increase in rates, fees, and charges that have been adopted and will be in effect during all or any portion of the period for which such projections are provided, (b) an allowance for Net Revenues that are reasonably identifiable, factually supportable and estimated to be derived from new customers of the System anticipated to be served during all or any portion of the period for which such projections are provided in an amount equal to the additional Net Revenues that are estimated to be derived from such customers and (c) an allowance for any Net Revenues that are reasonably identifiable, factually supportable and associated with the acquisition or development of power generation assets.

(j) [*Anti-Corruption Laws; Anti-Money Laundering Laws; and International Trade Laws*]. Do any of the following, nor permit any of its or their respective directors, officers, employees, agents, or affiliates acting on its or their behalf in connection with this Agreement to: (a) become a Sanctioned Person; (b) directly or indirectly, provide, use, or make available the proceeds of any Loan hereunder (i) to fund any activities or business of, with, or for the benefit of any Person that, at the time of such funding or facilitation, is a Sanctioned Person, (ii) to fund or facilitate any activities or business of or in any Sanctioned Jurisdiction, (iii) in any manner that could result in a violation by any Person (including the Lender, any lead arranger, underwriter, advisor, investor, or otherwise) of Anti-Corruption Law, Anti-Money Laundering, or International Trade Laws or (iv) in violation of any Applicable Law, including, without limitation, any applicable Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law; (c) repay the

Loan with Blocked Property or funds derived from any unlawful activity; or (d) permit any of the Net Revenues to become Blocked Property.]¹⁷

(k) *Swap Agreements.* Not enter into any Swap Agreement, without prior approval from the Lender, except (a) Swap Agreements entered into to hedge or mitigate risks to which Borrower has actual exposure, and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from floating to fixed rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of Borrower, and, in each case, the termination payments under which are not secured by any Lien on any portion of Borrower's Net Revenues on a basis *pari passu* or senior to the Lien on Borrower's Net Revenues securing the payment of Obligations hereunder or under the Fee Agreement, provided, however, that it is understood that PPAs are regularly entered into to hedge against pricing and supply risks in connection with energy requirements and Regulatory Compliance Products, and such PPA counterparties may participate in the Lockbox Security Documents.

(l) *Amendments.* Amend, modify or supplement in any manner whatsoever the Basic Documents, the Joint Powers Agreement, the PPAs, or the Lockbox Security Documents, in each case, in a manner which could reasonably be expected to have a Material Adverse Effect.

ARTICLE 6

DEFAULTS

Section 6.1. Events of Default and Remedies. If any of the following events occur, each such event will be an "*Event of Default*":

(a) Borrower fails to pay, or cause to be paid, as and when due, (i) any principal of or any interest on any Loan or Reimbursement Obligation, or (ii) any other Obligation hereunder or under the Fee Agreement and, in the case of clause (ii), such failure continues for five (5) Business Days.

(b) any representation or warranty made by or on behalf of Borrower in this Agreement or in any other Basic Document or in any certificate or statement delivered hereunder or thereunder is incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) Borrower defaults in the due performance or observance of any of the covenants set forth in Section 5.1(a), 5.1(c), 5.1(d), 5.1(e), 5.1(g), 5.1(j), 5.1(k), 5.1(l), 5.1(m), 5.1(q), 5.1(r), 5.1(s), 5.1(u) or 5.2 hereof;

¹⁷ NTD: Under review by Ava legal.

(d) Borrower defaults in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Basic Document and such default remains unremedied for a period of thirty (30) days after the occurrence thereof;

(e) Borrower, directly or indirectly, (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) becomes insolvent or does not pay, or is unable to pay, or admits in writing its inability to pay, its debts generally as they become due, (iii) makes an assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) takes any corporate action in furtherance of any matter described in clauses (i) through (v) above or (vii) fails to contest in good faith any appointment or proceeding described in Section 6.1(f) hereof;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for Borrower or any substantial part of its Property, or a proceeding described in Section 6.1(e)(v) hereof is instituted against Borrower and such proceeding continues undischarged, undismissed and unstayed for a period of thirty (30) days;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of Borrower by Borrower or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of this Agreement, the Joint Powers Agreement or any other Basic Document at any time for any reason ceases to be valid and binding on Borrower as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or is declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid or unenforceable, or the validity or enforceability thereof is publicly contested by Borrower, or Borrower publicly contests the validity or enforceability of any obligation to pay Debt of Borrower, or Borrower repudiates or otherwise denies in writing that it has any further liability or obligation under or with respect to any provision of this Agreement, the Joint Powers Agreement, any other Basic Document or any operative document related to Debt of Borrower;

(i) dissolution or termination of the existence of Borrower;

(j) Borrower (i) defaults on the payment of the principal of or interest on any Debt of Borrower beyond the period of grace, if any, *provided* in the instrument or

agreement under which such Debt of Borrower was created or incurred or (ii) defaults in the observance or performance of any agreement or condition relating to any Debt of Borrower, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt of Borrower to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory repayment of such Debt of Borrower; or

(k) any final, nonappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$5,000,000 are entered or filed against Borrower or against any of its Property and remain unpaid, unvacated, unbonded and unstayed for a period of sixty (60) days.

(l) any “event of default” occurs under any of the Basic Documents.

(m) any of Fitch (to the extent then providing such a rating as a substitute to S&P at the request of the Borrower), Moody’s (to the extent then providing such a rating as a substitute to S&P at the request of the Borrower), or S&P shall have downgraded its rating of any long-term unenhanced Parity Debt of the Borrower (or, for so long as no long-term unenhanced rated Parity Debt is outstanding, it’s issuer credit rating) to below “BBB-” (or its equivalent) or “Baa3” (or its equivalent), as applicable, or suspended or withdrawn its rating of the same for credit related reasons.

Section 6.2. Remedies. Upon the occurrence of any Event of Default (other than an Event of Default described in Section 6.1(e) or 6.1(f) hereof), and at any time thereafter during the continuance of such event, Lender may by notice to Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, (ii) require cash collateral for the LC Exposure in accordance with Section 2.17(g) hereof and (iii) declare all Obligations then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower; and in case of any Event of Default described in Section 6.1(e) or 6.1(f) hereof, the Commitment shall automatically terminate and the principal of the Loans then outstanding, and cash collateral for the LC Exposure, together with accrued interest thereon and all fees and other obligations of Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

ARTICLE 7

MISCELLANEOUS

Section 7.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by Borrower therefrom, will in any event be effective unless the same is in writing and signed by Lender and an Authorized Representative of Borrower, and then such waiver or consent is effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Notices. Except as otherwise will provided herein, notices and communications between Borrower and Lender with respect to reporting obligations, draw requests and other day to day implementation of this Agreement may be made via facsimile or Electronic System. All formal notices, including notices of default, provided for hereunder must be in writing (including required copies) and sent by courier (including Federal Express or other receipted courier service), as follows:

- (a) if to Borrower:

Ava Community Energy Authority
1999 Harrison Street, Suite 800
Oakland, California 94612
Attention: Russell Mills, Senior Vice President & CFO
Email: rmills@avaenergy.org

- (b) if to Lender:¹⁸

[PNC Bank, National Association
10250 Constellation Blvd., 15th Floor
Los Angeles, California 90067
Attention: Nicholas Boyle
Telephone: (214) 577-4873
E-mail: nicholas.boyle@pnc.com

with a copy to:

PNC Bank, National Association
301 Fayetteville Street, Suite 2100
Raleigh, North Carolina 27601
Attention: Brian Miller
Telephone: (919) 788-5573

¹⁸ To be updated.

E-mail: brian.m.miller@pnc.com]¹⁹

or, as to each Person named above, at such other address or telephone or telecopy number as is designated by such Person in a written notice to the parties hereto. All such notices and other communications will, when delivered, be effective when deposited with the courier, addressed as aforesaid, except that requests for LC Disbursements submitted to Lender will not be effective until received by Lender.

Section 7.3. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto will survive the making of any Loan, and will continue in full force and effect until all of the Obligations hereunder are paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference will, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of Borrower which are contained in this Agreement will inure to the benefit of the successors and assigns of Lender. Borrower may not transfer its rights or obligations under this Agreement without the prior written consent of Lender. Lender may transfer or assign some or all of its rights and obligations under this Agreement and the Fee Agreement with, so long as no Event of Default has occurred and is continuing, the prior written consent of Borrower (which consent may not be withheld unreasonably); *provided* that Lender shall be responsible for all costs solely relating to such transfer or assignment. This Agreement is made solely for the benefit of Borrower and Lender, and no other Person (including, without limitation, any PPA Counterparty) will have any right, benefit or interest under or because of the existence of this Agreement.

(b) Notwithstanding the foregoing, Lender will be permitted to grant to one or more financial institutions (each a "*Participant*") a participation or participations in all or any part of Lender's rights and benefits and obligations under this Agreement, the Fee Agreement, the Loans and the Letters of Credit on a participating basis but not as a party to this Agreement (a "*Participation*") without the consent of Borrower. In the event of any such grant by Lender of a Participation to a Participant, Lender shall remain responsible for the performance of its obligations hereunder and under the Letters of Credit, and Borrower may continue to deal solely and directly with Lender in connection with Lender's rights and obligations under this Agreement, under the Fee Agreement and under the Letters of Credit. Borrower agrees that each Participant will, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were Lender; *provided* that no Participant will have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; and *provided, further*, that Borrower's liability to any Participant (including, without limitation, amounts payable pursuant to Sections 2.12, 2.13 and 2.14 hereof) will not in any event exceed that liability which Borrower would owe to Lender but for such participation.

Section 7.4. Liability of Lender; Indemnification. (a) To the extent permitted by the laws of the State, Borrower assumes all risks of the acts or omissions of the PPA Counterparties with respect to the use of the Letters of Credit or the use of proceeds thereunder; *provided* that this

¹⁹ To be confirmed.

provision is not intended to and will not preclude Borrower from pursuing such rights and remedies as it may have against the PPA Counterparties under any other agreements. Neither Lender nor any of its respective officers or directors will be liable or responsible for (i) the use of any Letter of Credit, the LC Disbursements or the Loans or the transactions contemplated hereby and by the other Basic Documents or for any acts or omissions of any PPA Counterparty or the California Independent System Operator, (ii) the validity, sufficiency or genuineness of any documents determined in good faith by Lender to be valid, sufficient or genuine, even if such documents, in fact, prove to be in any or all respects invalid, fraudulent, forged or insufficient, (iii) payments by Lender against presentation of requests for LC Disbursements or requests which Lender in good faith has determined to be valid, sufficient or genuine and which subsequently are found not to comply with the terms of this Agreement or (iv) any other circumstances whatsoever in making or failing to make payment hereunder; *provided* that Borrower is not required to indemnify Lender for any claims, losses, liabilities, costs or expenses to the extent, but only to the extent that a court of competent jurisdiction has determined by a final, non-appealable judgment were caused by the gross negligence or willful misconduct of Lender.

(b) To the extent permitted by the laws of the State, Borrower indemnifies and holds harmless Lender from and against any and all direct, as opposed to consequential, claims, damages, losses, liabilities, costs and expenses (including specifically reasonable attorneys' fees) which Lender may incur (or which may be claimed against Lender by any Person whatsoever) by reason of or in connection with the execution, delivery and performance of the Basic Documents, the Letters of Credit and the transactions contemplated thereby; *provided* that Borrower is not required to indemnify Lender to the extent, but only to the extent, any such claim, damage, loss, liability, cost or expense is caused by Lender's willful misconduct or gross negligence as determined by a final order of a court of competent jurisdiction. Lender is expressly authorized and directed to honor any demand for payment which is made under any Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between Borrower, any PPA Counterparty (including, without limitation, the California Independent System Operator) or any other Person or the respective rights, duties or liabilities of any of them or whether any facts or occurrences represented in any of the documents presented under any Letter of Credit are true and correct.

(c) To the fullest extent permitted by Applicable Law, Borrower shall not assert, and waives, any claim against Lender, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Basic Document or any agreement or instrument contemplated thereby, the transactions contemplated thereby or the use of the proceeds thereof.

(d) The obligations of Borrower under this Section 7.5 will survive the termination of this Agreement.

Section 7.5. Expenses. Upon receipt of a written invoice, Borrower shall promptly pay (i) the reasonable fees and expenses of counsel to Lender incurred in connection with the preparation, execution and delivery and administration of this Agreement, the Letters of Credit, the Fee Agreement and the other Basic Documents as set forth in the Fee Agreement, (ii) the reasonable out-of-pocket expenses of Lender incurred in connection with the preparation,

execution and delivery and administration of this Agreement, the Letters of Credit, the Fee Agreement and the other Basic Documents, (iii) the fees and disbursements of counsel to Lender with respect to advising Lender as to its rights and responsibilities under the Basic Documents after the occurrence of a Default or an Event of Default and (iv) all costs and expenses, if any, in connection with the administration and enforcement of the Basic Documents, including in each case the fees and disbursements of counsel to Lender. In addition, and notwithstanding the foregoing, Borrower agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by Lender in enforcing any obligations or in collecting any payments due from Borrower hereunder or under the Fee Agreement by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of Borrower under this Section 7.6 will survive the termination of this Agreement.

Section 7.6. No Waiver; Conflict. Neither any failure nor any delay on the part of Lender in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, will operate as a waiver thereof or preclude any other or further exercise thereof, nor will a single or partial exercise thereof, preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement and any other Basic Documents, this Agreement will control solely as between Borrower and Lender.

Section 7.7. Modification, Amendment Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement will be effective unless the same is in writing and signed in accordance with Section 7.1 hereof.

Section 7.8. Dealings. Lender and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with Borrower and/or any PPA Counterparty (including, without limitation, the California Independent System Operator) regardless of the capacity of Lender hereunder or under any Letter of Credit.

Section 7.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic or legal effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.10. Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Basic Documents and any separate letter agreements with respect to fees payable to Lender constitute the entire contract among the parties

relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.1, this Agreement shall become effective when it shall have been executed by Lender and when Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Basic Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 7.2), certificate, request, statement, disclosure or authorization related to this Agreement, any other Basic Document and/or the transactions contemplated hereby and/or thereby (each an “*Ancillary Document*”) that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Basic Document or such Ancillary Document, as applicable. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement, any other Basic Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; *provided* that nothing herein shall require Lender to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; *provided, further*, without limiting the foregoing, (i) to the extent Lender has agreed to accept any Electronic Signature, Lender shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of Borrower without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, Borrower hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among Lender and Borrower, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Basic Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (B) Lender may, at its option, create one or more copies of this Agreement, any other Basic Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person’s business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (C) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Basic Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Basic Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (D) waives any claim against Lender-Related Person for any Liabilities arising solely from Lender’s reliance on or use of Electronic Signatures and/or

transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

Section 7.11. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 7.12. Entire Agreement. This Agreement and the Fee Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties hereto as to such subject matter.

Section 7.13. Governing Law Waiver of Jury Trial. (a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS; *PROVIDED* THAT THE OBLIGATIONS OF LENDER HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THE BASIC DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE IS EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT IT HAS REVIEWED THIS AGREEMENT AND, FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS, KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) Each of the parties hereto hereby submits to the exclusive jurisdiction of any federal or state court of competent jurisdiction in the State and sitting in the County of San Francisco for the purpose of any suit, action or other proceeding arising out of or relating to this Agreement or any other Basic Document; service of process may be accomplished by registered mail, return receipt requested to each of the parties at the address listed for notice in Section 7.2 hereof.

(d) The covenants and waivers made pursuant to this Section 7.13 are irrevocable and unmodifiable, whether in writing or orally, and are applicable to any subsequent amendments,

renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 7.14. USA PATRIOT Act. Lender notifies Borrower that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Act*”), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act. Borrower agrees to provide such documentary and other evidence of Borrower’s identity as may be requested by Lender at any time to enable Lender to verify Borrower’s identity or to comply with any Applicable Law or regulation, including, without limitation, the Act.

Section 7.15. Assignment to Federal Reserve Bank. Lender may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by Borrower to Lender in accordance with the terms of this Agreement will satisfy Borrower’s obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment will release Lender from its obligations hereunder.

Section 7.16. Acknowledgement Regarding Any Supported QFCs. (a) To the extent that the Basic Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support “*QFC Credit Support*” and each such QFC a “*Supported QFC*”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “*U.S. Special Resolution Regimes*”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Basic Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(b) In the event the Borrower is party to a Supported QFC (each, a “*Covered Party*”) and becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Basic Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights

could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Basic Documents were governed by the laws of the United States or a state of the United States.

(c) As used in this Section 7.16, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Party” means a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 7.17. Arm’s Length Transaction. The transaction described in this Agreement is an arm’s length, commercial transaction between Borrower and Lender in which: (i) Lender is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (ii) Lender is not acting as a municipal advisor or financial advisor to Borrower; (iii) Lender has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to Borrower with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether Lender or any of its affiliates has provided other services or is currently providing other services to Borrower on other matters); (iv) the only obligations Lender has to Borrower with respect to this transaction are set forth in this Agreement, the Fee Agreement and the Letters of Credit; and (v) Lender is not recommending that Borrower take an action with respect to the transaction described in this Agreement and the other Basic Documents, and before taking any action with respect to the this transaction, Borrower should discuss the information contained herein with Borrower’s own legal, accounting, tax, financial and other advisors, as Borrower deems appropriate.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, Borrower and Lender have duly executed this Agreement as of the date first written above.

AVA COMMUNITY ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this “*Certificate*”) is furnished to PNC Bank, National Association (including its successors and assigns, the “*Lender*”) pursuant to the Revolving Credit Agreement, dated as of September [], 2025 (together with all amendments and supplements thereto, the “*Agreement*”), by and between the Ava Community Energy Authority (including its successors and assigns, the “*Borrower*”) and Lender. Unless otherwise defined herein, the terms used in this Certificate have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am an Authorized Representative of Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Borrower during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. To the best of my knowledge the financial statements required by Section [5.1(a)(i)] [5.1(a)(ii)] of the Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Borrower in accordance with GAAP (except, in the case of unaudited financial statements, the omission of a cashflow statement and footnotes) as of the date and for the period covered thereby.

[#5 below to be delivered quarterly together with financial statements delivered pursuant to Section 5.1(a)(i)]

5. Schedule 1 attached hereto sets forth financial data and computations evidencing the Borrower’s compliance with Section 5.1(q) of the Agreement as of the last day of the fiscal period to which this certificate relates. To the extent there is a discrepancy between the terms set forth in Schedule 1 and the terms set forth in the Agreement with respect to calculating the Minimum Liquidity Requirement, the Agreement shall control.

[Describe below the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

[Remainder of page intentionally left blank]

The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this ____ day of _____, 20__.

AVA COMMUNITY ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

SCHEDULE 1
TO COMPLIANCE CERTIFICATE

MINIMUM LIQUIDITY REQUIREMENT (SECTION 5.1(Q))

4-QUARTERS

__/__/__

A. Cash and Cash Equivalents \$ _____

B. Unused Commitment \$ _____

C. Sum of Row A and Row B \$ _____

D. Days of Liquidity on Hand \$ _____

Is the amount in Row C greater than or equal to \$3,000,000 and the amount
in Row D greater than or equal to 120? Y/N

EXHIBIT B

FORM OF BORROWING REQUEST

_____, 20__

[PNC Bank, National Association
10250 Constellation Blvd., 15th Floor
Los Angeles, California 90067
Attention: Nicholas Boyle
Telephone: (214) 577-4873
E-mail: nicholas.boyle@pnc.com

with a copy to:

PNC Bank, National Association
301 Fayetteville Street, Suite 2100
Raleigh, North Carolina 27601
Attention: Brian Miller
Telephone: (919) 788-5573
E-mail: brian.m.miller@pnc.com]²⁰

Ladies and Gentlemen:

The undersigned refers to the Revolving Credit Agreement, dated as of September [____], 2025 (together with any amendments or supplements thereto, the “*Agreement*”), by and between Ava Community Energy Authority (with its successors and assigns, the “*Borrower*”) and PNC Bank, National Association (with its successors and assigns, the “*Lender*”) (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.3 of the Agreement, that Lender make a Loan under the Agreement and disburse such funds as set forth in #7 below, and in that connection sets forth below the following information relating to such Loan (the “*Proposed Loan*”):

1. The Business Day of the Proposed Loan is _____, 20__ (the “*Issuance Date*”).
2. The Proposed Loan shall be a SOFR Loan for an Interest Period of one month.
3. The principal amount of the Proposed Loan is \$ _____, which is not greater than the Unused Commitment as of the Issuance Date set forth in 1 above. After giving effect to the Proposed Loan and the application of the proceeds thereof, the

²⁰ To be confirmed.

aggregate principal amount of all Loans and the LC Exposure outstanding under the Agreement will not exceed the Commitment as of the Issuance Date set forth in 1 above.

4. The interest rate with respect to the Proposed Loan shall be the SOFR Rate.

5. The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Issuance Date, before and after giving effect to the Proposed Loan:

(a) The representations and warranties of Borrower set forth in Article IV of the Agreement (other than in Section 4.7 thereof) are true and correct in all material respects (or in the case of any representation qualified by materiality, in all respects) on the date hereof, as if made on the date hereof; and

(b) No Default or Event of Default has occurred and is continuing.

6. The proceeds for Proposed Loan are being used for the following purposes:

[(a) qualified expenditures]

[(b) working capital and general purposes]

7. The Proposed Loan shall be made by Lender by wire transfer of immediately available funds or deposited **[in the amount of \$_____]** into Borrower's account at Lender in accordance with the instructions set forth in the Agreement or to or on behalf of Borrower in accordance with the instructions set forth below and Borrower hereby confirms that Lender is authorized to make said disbursements:

[Insert wire instructions and amounts]

AVA COMMUNITY ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

Approved by Lender:

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

EXHIBIT C

[FORM OF PROMISSORY NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 7.3 OF THE HEREIN DEFINED AGREEMENT.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
AVA COMMUNITY ENERGY AUTHORITY**

Dated Date: September [___], 2025

FOR VALUE RECEIVED, the AVA COMMUNITY ENERGY AUTHORITY, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. Seq. (together with its successors and assigns, “*Borrower*” or “*AVA*”) hereby promises to pay to the order of PNC Bank, National Association, and its successors and assigns, as their respective interests may appear (the “*Lender*”) located at [____], the aggregate unpaid principal amount of all Loans made by Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September [___], 2025 (together with any amendments or supplements thereto, the “*Agreement*”), by and between Borrower and Lender, plus interest thereon, on the dates, in the amounts and in the manner provided for in the Agreement.

The unpaid principal amount of all Loans from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness (including the Loans) incurred under, and is subject to the terms and provisions of, the Agreement to which reference is hereby made for a statement of said terms and provisions, including those under which this Note may be paid or become due prior to its due date. This Note is the promissory note referred to in Section 2.6(c) of the Agreement and is entitled to the benefits thereof and of the Basic Documents referred to therein. This Note is subject to prepayment, in whole or in part, in accordance with the terms of the Agreement.

This Note dated September [___], 2025 (the “*Note*”) has been issued pursuant to the Agreement.

Reference is hereby made to the Agreement for a description of the terms on which this Note is issued and all of the terms of the Agreement are hereby incorporated herein and constitute

a contract between Borrower and the holder of this Note, and by acceptance hereof the holder of this Note assents to said terms and conditions.

This Note is an obligation of Borrower payable from and secured by a pledge of and a senior lien and charge upon Borrower's Net Revenues.

This Note is payable as to principal and interest thereof, exclusively from Borrower's Net Revenues.

This Note and the interest hereon are senior to all other debt incurred and payable from Borrower's Net Revenues.

This Note is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law. Capitalized terms not otherwise defined herein have the meaning set forth in the Agreement.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Agreement precedent to and in the issuance of this Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Note have been duly authorized by the Resolution duly adopted by Borrower. Borrower hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

IN WITNESS WHEREOF, the Ava Community Energy Authority has caused this Note to be signed as of the Dated Date specified above.

By: _____
Name: _____
Title: _____

Transactions on Note

DATE	COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee
/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by a member or participant of a signature
guarantee program

NOTICE: The signature above must
correspond with the name of the Owner as
it appears upon the front of this Note in
every particular, without alteration or
enlargement or change whatsoever.

EXHIBIT D

ACCOUNT CONTROL AGREEMENT

Attached

EXHIBIT E

INTERCREDITOR AGREEMENT

Attached

EXHIBIT F

SECURITY AGREEMENT

Attached

FEE AGREEMENT

This FEE AGREEMENT dated September [], 2025 (as amended, modified or restated from time to time, this “*Fee Agreement*”), is by and between the AVA COMMUNITY ENERGY AUTHORITY, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 *et. seq.* (together with its successors and assigns, “*Borrower*”), and PNC BANK, NATIONAL ASSOCIATION (together with its successors and permitted assigns, the “*Lender*”).

Reference is made to the Revolving Credit Agreement, dated as of September [], 2025 (as amended, modified, extended or restated from time to time, the “*Agreement*”), entered into between Borrower and Lender. Capitalized terms not otherwise defined herein have the meanings set forth in the Agreement.

This Fee Agreement is the Fee Agreement referenced in the Agreement and the terms of this Fee Agreement are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between Borrower and Lender, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I

FEES

Section 1.1. Undrawn Fees. Borrower agrees to pay to Lender, in immediately available funds, for the period from and including the Closing Date to and including the earlier of the Maturity Date and the date the Commitment is terminated in full (the “*Commitment End Date*”), quarterly in arrears on the [last Business Day of each March, June, September, and December] until the Commitment End Date, and on the Commitment End Date (each, a “*Payment Date*”), a non-refundable undrawn fee (the “*Undrawn Fee*”) in an amount equal for each day during such calculation period to the product of (x) the rate per annum corresponding to the Level specified below associated with the applicable Rating (the “*Undrawn Fee Rate*”), (y) the Unutilized Commitment (as defined below) for such day and (z) a fraction the numerator of which is 1 and denominator of which is 360.

LEVEL	S&P RATING	UNDRAWN FEE RATE
Level 1	A or above	0.20% (20 basis points)
Level 2	A-	0.20% (20 basis points)
Level 3	BBB+	0.35% (35 basis points)
Level 4	BBB	0.50% (50 basis points)

LEVEL	S&P RATING	UNDRAWN FEE RATE
Level 5	BBB- and below	2.95% (295 basis points)

The term “Unutilized Commitment” as used in this Fee Agreement means, for any day, the number obtained by subtracting the Revolving Credit Exposure as of 5:00 p.m. New York City time on such day from the Commitment in effect at as of 5:00 p.m. New York City time on such day. The term “*Rating*” as used in this Section 1.1 shall mean the lowest long-term unenhanced debt ratings assigned by S&P to Parity Debt (or, for so long as there is no long-term unenhanced rated Parity Debt outstanding, the Borrower’s issuer credit rating assigned by S&P). Any change in the Undrawn Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by S&P and in the event of adoption of any new or changed rating system by the Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of Parity Debt issued by or on behalf of the Borrower (or the Borrower’s issuer credit rating, as applicable) in connection with the adoption of a “global” rating scale, each of the ratings from S&P in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Borrower agrees that as of the Closing Date, the Undrawn Fee Rate is that specified above for Level 1. In the event any rating as described above is suspended, withdrawn, or otherwise unavailable, the Undrawn Fee Rate shall be the Undrawn Fee Rate specified for Level 5. The Undrawn Fee shall be payable quarterly in arrears, together with interest on the Undrawn Fees from the date payment is due until payment in full at the Default Rate. Such Undrawn Fees shall be payable in immediately available funds and computed on the basis of a 360-day year and the actual number of days elapsed.

Section 1.2. Amendment Waiver or Consent Fees. Borrower agrees to pay to Lender on the date on which Borrower requests from Lender (i) an amendment, supplement or modification to the Agreement or any other Basic Document or (ii) a consent under, or a waiver of any provision of, the Agreement or any other Basic Document, a non-refundable fee to be determined by Lender at the time of such amendment, supplement or modification or waiver or consent, but in any event at a minimum of \$5,000, plus, in each case, the reasonable fees and expenses of legal counsel to Lender.

Section 1.3. Termination Fee; Reduction Fee. (a) Borrower hereby agrees to pay to Lender a termination fee in connection with any termination of the Commitment by Borrower prior to the first anniversary of the Closing Date, in an amount equal to the product of (1) the Undrawn Fee Rate in effect on the date of such termination, (2) the Commitment in effect as of the date of such termination (without regard to any outstanding Loans, Letters of Credit, or LC Disbursements) and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to but excluding the first anniversary of the Closing Date, and the denominator of which is 360 (the “*Termination Fee*”), which Termination Fee shall be paid on or before the date of such termination. Notwithstanding the foregoing, no Termination

Fee shall be due and owing under this Section 1.3(a) in the event that the Commitment is terminated by Borrower as a result of the Lender imposing increased costs on Borrower pursuant to the terms of Section 2.10 of the Agreement. No termination in full of the Commitment shall become effective unless and until all amounts payable by Borrower to Lender under the Agreement and this Fee Agreement (including without limitation the amount payable, if any, pursuant to this Section 1.3(a)) have been paid in full.

(b) Borrower agrees not to permanently reduce the Commitment below the Commitment in effect as of the Closing Date prior to the first anniversary of the Closing Date, without the payment by Borrower to Lender of a reduction fee (the “*Reduction Fee*”) in connection with each and every permanent reduction of the Commitment in an amount equal to the product of (1) the Undrawn Fee Rate in effect on the date of such permanent reduction, (2) the amount of the permanent Commitment reduction and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to but not including the first anniversary of the Closing Date, and the denominator of which is 360. Under no circumstances shall Borrower permanently reduce the Commitment below the Revolving Credit Exposure unless in connection with such permanent reduction Borrower reduces the Revolving Credit Exposure so that after giving effect to such permanent reduction the Revolving Credit Exposure is not greater than the reduced Commitment.

Section 1.4. Applicable Margin. As used in the Agreement and this Fee Agreement, the “Applicable Margin” means the applicable rate per annum under the caption “Applicable Margin” for Revolving Loans as set forth below, in each case, corresponding to the Level specified below associated with the applicable Rating:

LEVEL	S&P RATING	APPLICABLE MARGIN
Level 1	A or above	0.45% (45 basis points)
Level 2	A-	0.45% (45 basis points)
Level 3	BBB+	0.60% (60 basis points)
Level 4	BBB	0.75% (75 basis points)
Level 5	BBB- and below	Default Rate (all-in interest rate)

The term “*Rating*” as used in this Section 1.4 shall mean the lowest long-term unenhanced debt ratings assigned by S&P to Parity Debt (or, for so long as there is no long-term unenhanced rated Parity Debt outstanding, the Borrower’s issuer credit rating assigned by S&P). Any change in the Applicable Margin resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agency and in the event of adoption of any new or changed rating system by S&P, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of Parity Debt issued by or on behalf of the Borrower (or the Borrower’s issuer credit rating, as applicable) in connection with the adoption of a “global” rating scale, each of the ratings from S&P in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely

approximates the applicable rating category as currently in effect. The Borrower agrees that as of the Closing Date, the Applicable Margin is that specified above for Level 1. In the event any rating as described above is suspended, withdrawn, or otherwise unavailable, the all-in interest rate shall be the all-in interest rate specified for Level 5.

Section 1.5. Default Rate. For purposes of this Fee Agreement and the Agreement, “Default Rate” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (a) the Prime Rate *plus* three percent (3.00%); (b) the Overnight Bank Funding Rate *plus* three and one-half percent (3.50%); and (c) nine percent (9.00%).

Section 1.6. Letter of Credit Fees. Borrower agrees to pay to Lender, in immediately available funds, for the period from and including the date of issuance of each Letter of Credit to but excluding the date such Letter of Credit is terminated (the “LC Termination Date”), quarterly in arrears on the [last Business Day of each March, June, September, and December] to the LC Termination Date, and on the LC Termination Date (each, a “LC Payment Date”), a non-refundable undrawn fee (the “LC Facility Fee”) in an amount equal for each day during such calculation period to the product of (x) 1.25%, (y) the stated amount of such Letter of Credit as of 5:00 p.m. New York City time on such day and (z) a fraction the numerator of which is 1 and denominator of which is 360.

The LC Facility Fee shall be calculated from and including one LC Payment Date (or, in the case of the initial LC Facility Fee payment in respect of a Letter of Credit, the date such Letter of Credit is issued) to but excluding the next LC Payment Date (each, a “LC Payment Period”), and Lender shall provide Borrower with an invoice for each LC Facility Fee; *provided, however*, that the failure of Lender to do so shall not relieve Borrower from its obligation to pay such LC Facility Fee.

Section 1.7. Issuance Fees. Borrower agrees to pay to Lender the Lender’s then-in-effect customary fees and administrative expenses payable with respect to the Letters of Credit as the Lender may generally charge or incur from time to time in connection with the issuance, maintenance, amendment (if any), assignment or transfer (if any), negotiation, and administration of Letters of Credit. As of the Closing Date, the fee is approximately \$300 for each issuance of, or drawing under, a Letter of Credit; it being acknowledged and agreed that such fees may change from time to time without notice.

ARTICLE II

MISCELLANEOUS

Section 2.1. Legal Fees. On the Closing Date, Borrower shall pay the reasonable legal fees and expenses of Lender incurred in connection with the preparation and negotiation of the Agreement, this Fee Agreement and certain other Basic Documents in an amount equal to \$[] plus disbursements.

Section 2.2. Amendments. No amendment to this Fee Agreement will become effective without the prior consent of Borrower and Lender, which consent must be in writing and signed by Lender and an Authorized Representative of Borrower.

Section 2.3. Governing Law. THIS FEE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS; *PROVIDED*, THAT THE OBLIGATIONS OF LENDER HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

Section 2.4. Counterparts. This Fee Agreement may be executed in counterparts in accordance with Section 7.10 of the Agreement, which Section 7.10 is incorporated herein by reference.

Section 2.5. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[Signature Pages To Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers or representatives thereunto duly authorized on the date first set forth above.

AVA COMMUNITY ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____



Credit Facility Renewal Informational Review

Rusty Mills | September 8, 2025



Process for Obtaining the New Credit Facility

- Ava currently holds a \$200MM credit facility with US Bank
 - Expires October 27, 2025
- Staff conducted a formal RFP to solicit offers to replace and expand the current credit facility
 - Six proposals were received and scored based on flexibility, capacity and pricing
 - Additionally considered ESG goals, reference vetting, adherence to RFP details, and applied scoring methodology
 - **Bank Awarded – PNC Bank, based in Pittsburgh PA**
- Ava is seeking to increase the facility to \$300MM due to multiple risk factors
 - More volatile cash flow and operating conditions may stress working capital needs – higher capacity can further preserve financial strength and reserve balances
 - Stress testing shows potential for needing additional liquidity should market prices spike with weather, political conditions, or other systemic risk factors such as PCIA
 - Load Serving Entities (LSEs) have a risk of posting higher collateral because of market conditions—LOCs can protect reserves and working capital

New Credit Facility Terms

Certain aspects of the facility are still being negotiated by Staff, but a summary of key terms offered are as follows:

- Capacity is \$300 million (\$100mm increase)
- 3-year term
- Undrawn Fee offered for any unused balance is 0.20%, which is 0.05% lower on the new facility — *This is the cost to hold the facility as available*
- Standby LOCs have lower costs when issued 1.25% vs. 1.40%
- Facility has a much lower Applicable Margin on draws 0.45% vs. 1.40%
- Draws still based on Monthly Term Secured Overnight Financing Rate (SOFR) + the Applicable Margin, which as of September 1, 2025, is 4.70%.
- Margin and fees can increase in the event S&P downgrades Ava's "A" rating
- Liquidity covenant in place of Debt Service Coverage covenant
- Additional Bonds Test (ABT) has a DSC metric to meet if Ava issues Parity Debt, and no consent now needed.

- Good faith estimates have been provided by PFM Financial Advisors LLC in accordance with California Government Code Section 5852.1, requiring such presentation in a meeting open to the public
 - Total maximum interest payment amount is \$42,956,807, under the following assumptions:
 - Maximum draw of \$300,000,000 for the full term of the facility at a 1M SOFR+ 45bps of 4.70% (the rate as of 9/1/2022), while maintaining an “A” rating
 - If \$0 is drawn, then the total maximum fee and interest payments for the full term of the facility over three years would be \$1,826,667
 - If as much as \$50MM is issued as LOCs, and no cash is drawn, then the total maximum interest payment for the full term of the facility over three years would be \$3,425,000

Questions & Discussion