

APPENDIX A

THE PROJECT PARTICIPANT

CITY OF SAN JOSÉ

The information in this Appendix A is presented as general background information regarding the City of San José, the Project Participant, and San José Clean Energy, the City's community choice aggregation program. The Bonds do not constitute general obligations or indebtedness of California Community Choice Financing Authority ("CCCFA"), the Members, the City of San José, the State of California or any political subdivision of the State of California. The Bonds are special, limited obligations of CCCFA payable solely from and secured solely by the Trust Estate, in the manner and to the extent provided for in the Indenture. Capitalized terms used but not defined in this Appendix A have the meanings given to such terms in the forepart of this Official Statement.

The City maintains a number of websites. However, the information presented on the City's websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience.

General

The City of San José (the "City") is a charter city that has operated under a council-manager form of government since 1916. The City is the oldest city in the State of California (the "State"), developing from a Spanish pueblo established in 1777, and is the county seat of Santa Clara County (the "County"). The City encompasses approximately 180 square miles, in the Santa Clara Valley at the southern tip of San Francisco Bay, approximately 48 miles south of San Francisco and 40 miles south of Oakland. As of January 1, 2025, the City's estimated population totaled approximately 980,000, making the City the third most populous city in the State and the twelfth most populous in the United States.

The City has transformed from the agricultural setting of its early years into the largest city in the Silicon Valley. Silicon Valley is a region in the Southern San Francisco Bay Area of Northern California which serves as a global center of high technology and innovation. Silicon Valley corresponds roughly to the geographical Santa Clara Valley. Silicon Valley is home to many of the world's largest technology companies, including Adobe Systems, Inc., Apple Inc., Cisco Systems, Inc., eBay, Inc., Google, Inc., Hewlett-Packard, IBM, Intel Corporation, Intuit Inc., LinkedIn, McAfee Corp., Meta Platforms, Inc., Netflix, Inc., Nvidia, PayPal Holdings, Inc., Super Micro, TikTok, and Zoom Video Communications, Inc. Retail, professional, high-tech advanced manufacturing, electronic assembly, and service businesses all have a presence in the City.

San José Clean Energy ("SJCE") is the community choice aggregation program of the City and a "community choice aggregator" ("CCA") as defined in Section 331.1 of the Public Utilities Code of the State, as amended (the "Public Utilities Code"). SJCE was established by the City in 2017 to support the City's transition to clean energy and provide its residents and businesses local control over electricity prices, resources, and quality of service, as further described herein. SJCE is administered by the City's Energy Department and its financial activities are recorded in the SJCE enterprise fund of the City. For a general description of CCAs in California, see the section "COMMUNITY CHOICE AGGREGATORS" in the forepart of this Official Statement.

The City is committed to achieving the goals in the Paris Climate Accord and adopted Climate Smart San José, a community wide greenhouse gas reduction climate action plan. The City has also adopted a goal to be carbon neutral by 2030, 15 years ahead of the State’s goal of 2045. The City’s Pathway to Carbon Neutrality by 2030 includes recommended strategies and supporting actions to accelerate Climate Smart San José and put the City on a course to carbon neutrality by 2030. SJCE, which aims to provide 75% renewable energy by 2030, 87% renewable energy by 2040, and 100% renewable energy by 2050, plays a critical role in enabling the City of San José to meet its decarbonization targets.

SJCE is assisting the City to make progress towards the City’s climate goals by providing an increasingly clean power mix. Since launching retail electric service in 2018, the City has contracted for over 1 gigawatt (“GW”) of new renewable energy generation and battery storage to meet its carbon reduction and reliability goals and to reduce electricity costs for SJCE’s customers. Through SJCE, the City is also pursuing local municipal priorities like consumer equity and affordability by adopting lower rates for disadvantaged customers and designing community-based programs that increase disadvantaged communities’ access to renewable energy and electrification.

Formation and History of SJCE

General. SJCE was formed by the City Council of the City (the “City Council”) in May 2017 pursuant to Title 26, Community Energy, of the City’s Municipal Code (“Title 26”). SJCE was formed with the goals of providing clean, reasonably priced and reliable electricity to residents and businesses in the City and providing the community with a choice in their electricity provider. SJCE was also formed to provide the City with a tool to meet its renewable energy, energy efficiency, and ultimate greenhouse gas emission reduction goals. The formation of SJCE was made possible by the passage of California Assembly Bill 117 (“AB 117”) in 2002. AB 117 allows cities, counties and other qualifying governmental entities available within the service areas of investor-owned utilities (“IOUs”), to purchase and/or generate electricity for residents and businesses within their jurisdiction. CCAs determine the source of electricity offered, set customer rates for energy, retain revenue, and determine spending priorities locally.

Under California Public Utilities Commission (“CPUC”) designations, like all CCAs, the City is a “load-serving entity” (“LSE”) and is therefore required to comply with a number of requirements of the CPUC intended to ensure the reliability of electric service in the State. See “– California Renewable Portfolio Standards and Other Regulations.” SJCE does not provide transmission, distribution, metering or billing services. Transmission, distribution, metering and billing services are provided by Pacific Gas and Electric Company (“PG&E”), the incumbent IOU in the City. For these continued services, PG&E charges SJCE customers the same delivery rates as other PG&E customers. SJCE customers make payments to PG&E, and PG&E remits the SJCE portion of payments to SJCE every business day.

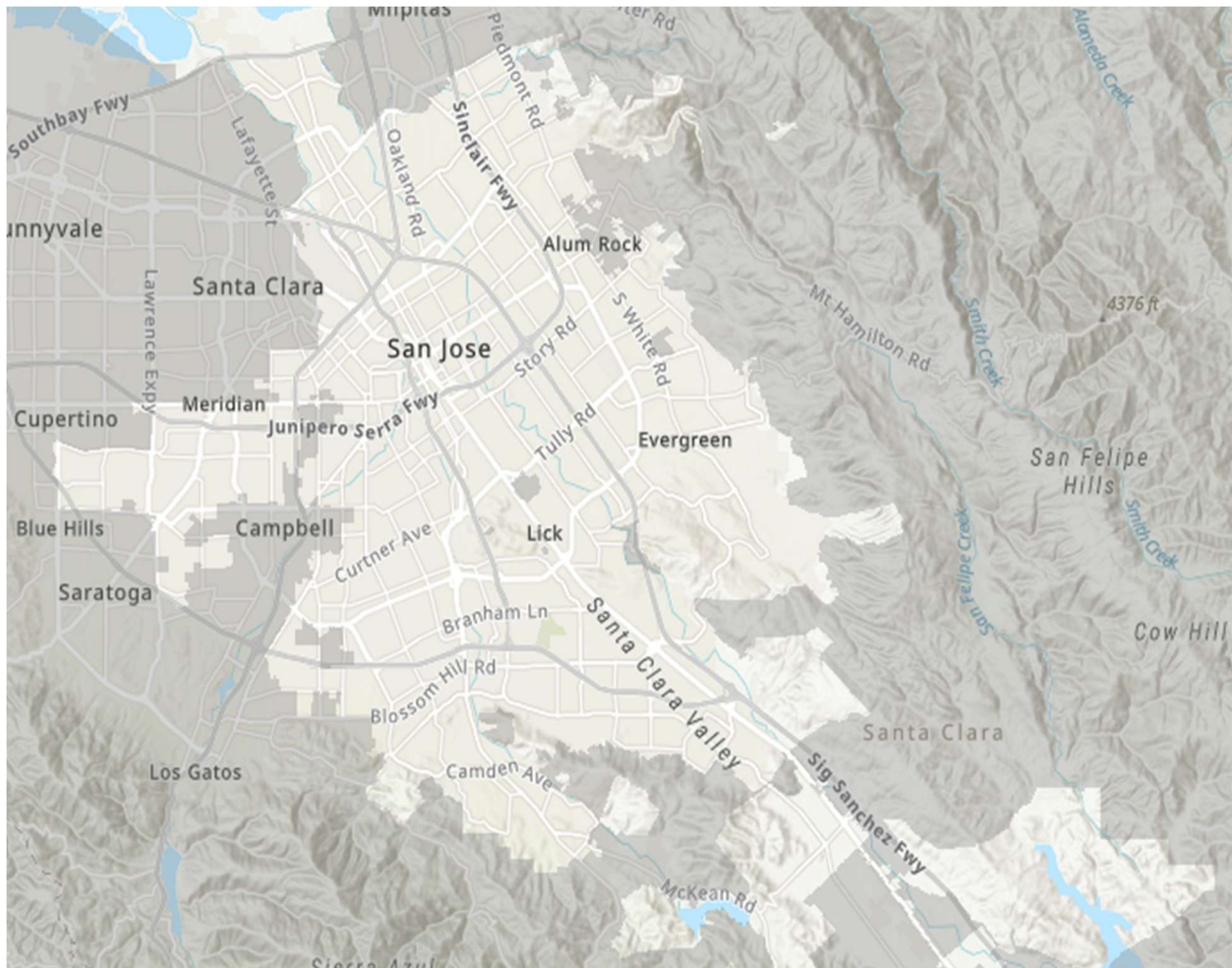
Commencement of Service and Expansion. SJCE launched over the course of three phases. The first phase began in September 2018 with electric generation service to City facilities (consisting of City of San José accounts). The second phase launched in February 2019 with service expanding to residential and large commercial accounts. The third phase launched in June 2019 with service expanding to small commercial customers. Accordingly, the fiscal year (“Fiscal Year”) ended June 30, 2020 was SJCE’s first full operating year. In 2020, SJCE commenced providing service to rooftop solar residential accounts.

In January 2021, SJCE became a member of California Community Power (“CC Power”), a newly formed joint exercise of powers authority currently consisting of several CCAs, including SJCE. CC Power allows its member CCAs to combine their buying power to procure new, cost-effective clean energy and reliability resources to continue advancing local and state climate goals. In May 2024, the City became a member of CCCFA, a joint exercise of powers authority separate and apart from CC Power. See “CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY” in the forepart of this Official Statement.

Service Area

SJCE's service area consists of the jurisdictional boundaries of the City, which totals approximately 180 square miles. As of June 30, 2025, SJCE provides energy to nearly 350,000 residential and non-residential SJCE accounts within the City limits. The City's general boundaries and location are shown on the following map.

**City of San José
Service Area Map**



Source: City of San José.

Governance and Management

City Council. The City adopted a charter in 1965 (as amended, the “Charter”). As a charter city, the City has the power to make and enforce all laws and regulations in respect to municipal affairs, subject only to such restrictions and limitations as may be provided in the Charter and in the Constitution of the State of California. In matters other than municipal affairs or in matters of statewide concern, the City is subject to State law. The form of municipal government established by the Charter is known as a “Council-Manager” form of government. Revisions to the Charter require voter approval.

The City Council consists of a Mayor and ten other council members. The Mayor is elected at large for a four-year term. Council members are elected by district for staggered four-year terms. The Mayor and the council members are limited to two consecutive four-year terms. Under the Charter, the Mayor recommends policy, program, and budget priorities to the City Council, which in turn approves policy direction for the City. The City Manager is appointed by the City Council and serves as the chief administrative officer of the organization responsible for the administration of all City departments, offices, and agencies of the City, day-to-day operations, and implementation of Council policies. In addition to the City Manager, the City Attorney, City Clerk, City Auditor, are appointed by and report directly to the City Council.

Management. As a program of the City, SJCE is subject to the requirements of the City’s Municipal Code, including Part 46 of Chapter 2.04 of Title 2, Part 63 of Chapter 4.80, and Title 26; and is governed by the City Council. The City Manager and the Director of the Energy Department have overall responsibility for managing SJCE, including its day-to-day operations, as outlined in Title 26. Among the authority outlined in Title 2 and Title 26, the City Manager and the Director of the Energy Department have broad authority to negotiate and enter into agreements on behalf of the City for the purchase and sale of “power products” (within the meaning of Title 26) including energy with a term of 10 years or less without City Council approval.

The Climate Advisory Commission (the “CAC”) is an eleven-member advisory body formed by the City Council in January 2024. The CAC replaced the former Clean Energy Community Advisory Commission, a public advisory committee previously formed by the City to provide input on SJCE’s operations. Each CAC member is appointed by the City Council’s appointment commission for up to two 4-year terms and must be a resident of the City or a nonresident with expertise in clean energy, power planning, transportation, finance, climate science, planning and building or environmental law. The CAC’s functions, powers and duties include advising and making recommendations to the City Council and the City Manager on all aspects of Climate Smart San José, with a focus on the City’s Pathway to Carbon Neutrality by 2030. With respect to SJCE specifically, the CAC advises and makes recommendations to the City Council and the City Manager on SJCE’s services and product offerings, its Integrated Resource Plan (which sets for the City’s plans for meeting Statewide greenhouse gas emission reduction targets and other requirements), and programs.

In 2018, the City Manager established the Risk Oversight Committee (the “ROC”). The ROC consists of seven members: the City Manager or their designee, the Director of the Energy Department, the Director of Finance, the City Risk Manager, the Budget Director, the Energy Department’s Deputy Director of Power Resources, and the Energy Department’s Division Manager of Risk Management and Contracts Administration. The ROC convenes at least quarterly and is charged with advising the City Manager on how to manage and control risks associated with SJCE operations.

The Energy Risk Management Policy (as amended, the “ERMP”) outlines the City’s philosophies and objectives related to risk management of the SJCE program. The Energy Risk Management Regulations (“ERMR”) detail the roles, strategies, controls, and authorities under the ERMP. The Energy Department is responsible for bringing SJCE program matters before the ROC so that the ROC can evaluate whether the Energy Department is administering the SJCE program in compliance with the ERMP. See “– Sources of Energy – *Energy Load and Supply Risk Management*” for a further discussion of the ERMP and ERMR.

Energy Department Staff. As the administrator of SJCE, the Energy Department performs a broad range of functions, including planning, purchase and sale of power products, risk management and reporting, settlement of bills, accounting and financial reporting. The Energy Department is led by the Director of the Energy Department and is supported by other City departments, including the City’s Finance Department and the City Attorney’s Office, and third-party consultants and service providers.

As of June 30, 2025, the Energy Department consists of approximately 56 budgeted full time equivalent (“FTE”) employees of which 53 FTE employees were in place. Of the 56 budgeted FTE employees in the Energy Department, 15 full time employees are represented by the Municipal Employees’ Federation and 28 are represented by the City Association of Management Personnel bargaining units. The remaining 13 full time employees are unrepresented management personnel with salary and benefits determined by the City Council. All Energy Department employees participate in the City’s Federated City Employees Retirement System (the “Federated Plan”). See “– SJCE Financial Information – *Bargaining Units*” and “– *Retirement Plan*” for information regarding the Municipal Employees’ Federation and the City Association of Management Personnel bargaining units, and the Federated Plan, respectively.

SJCE Customers

General. SJCE operates solely within the jurisdictional boundaries of the City of San José. Accordingly, new customers outside of its existing service area are not anticipated in the foreseeable future. SJCE provides energy to nearly 350,000 residential and non-residential accounts. As of June 30, 2025, the mix of SJCE’s customer base by number of accounts is approximately 92% residential and 8% nonresidential.

Customer Energy Choices. SJCE offers two choices of energy service, referred to as TotalGreen and GreenSource. TotalGreen is SJCE’s premium service, 100% renewable and carbon free energy from solar and wind sources. GreenSource is SJCE’s base service. In calendar year 2024, GreenSource energy consisted of 65% renewable energy from a mix of wind, solar, small hydroelectric and biomass/biowaste and 19% carbon free energy mix from large hydroelectric and nuclear. The remaining 16% of GreenSource energy for 2024 consisted of California grid system power, which comes from unspecified sources, such as electricity traded through open-market transactions, that is not traceable to a specific generation facility. Customers enrolled in the California Alternate Rates for Energy (“CARE”) or the Family Electric Rate Assistance (“FERA”) state programs are automatically enrolled into SJ Cares, which currently provides a 10% discount on the GreenSource generation charges.

Customer Enrollment. All electricity users in the City’s service area are automatically enrolled in SJCE service by default upon opening an electricity account with PG&E. New customers receive a written notice, by mail and email, to notify them of enrollment, service options, and the opt-out process. The base service for SJCE customers is GreenSource. Customers may change their service after enrollment. In calendar year 2024, approximately 96% of SJCE customer load was delivered by GreenSource service, of which 11% were enrolled in SJ Cares. The remaining 4% of SJCE customer load in 2024 was delivered by TotalGreen service.

Ten Largest Customers. SJCE’s ten largest customers represented 9.23% of SJCE’s overall load and approximately 8.73% of 2024 annual revenues, and no one of them individually represented more than 3.0% of 2024 annual revenues.

Customer Election to Opt-out of SJCE Service. Customers can opt out of SJCE service and return to service with PG&E either initially upon the transition to SJCE, or at any time after SJCE becomes the energy provider. If the customer opts out before starting service with SJCE or within the first 60 days of service, they may return to SJCE at any time. If the customer opts out of SJCE after the first 60 days of service with SJCE, they are required to stay with PG&E for one year before returning to SJCE. There is no fee to opt out or to return to SJCE service. Customers may opt out at any time online, over the phone using an automated system, or over the phone with the assistance of a call center representative.

Cumulative Opt-Out Rates and Customer Retention. As shown in the table below, SJCE has experienced relatively stable opt-out rates since initial enrollment. SJCE’s opt-out rates have remained

stable even during the period commencing May 2021 and ending December 2022 when rates for SJCE’s base service, GreenSource (inclusive of PG&E added fees), were 8% higher relative to PG&E rates. For planning purposes, the City expects opt-out rates to remain consistent with historical trends in the foreseeable future. See “– Energy Demand Forecast.”

**San José Clean Energy
Cumulative Opt-Out Rates**

As of June 30	Opt-Out Rates
2019	1.50%
2020	1.96%
2021	2.63%
2022	3.05%
2023	2.40%
2024	2.53%
2025	2.51%

Source: City of San José.

Commencing with the fiscal year ended June 30, 2023, the City revised its methodology for calculating and reporting opt-out rates to be consistent with the approach the City believes is prevalent among CCAs in California.

SJCE Service Rates

General. The City Council sets the rates for energy service provided by SJCE on an annual basis. SJCE’s current rates for energy service, effective March 1, 2025, were set by a resolution adopted by the City Council on February 25, 2025. The rates for energy service provided by SJCE are not subject to review or approval by the CPUC or any other agency.

Determination of Rates of Energy. The City Council sets rates for SJCE customers based on a modified cost-of-service methodology. Under the modified cost-of-service methodology, SJCE determines the “cost to serve” each type of customer and allocates such cost to customers by class (e.g., residential, small commercial, medium commercial, large commercial, etc.). Electric utility costs include the cost of energy, renewable and low-carbon attributes, and capacity; California Independent System Operator (“CAISO”) costs; contribution to operating reserves; and other operating costs.

Rates for energy service paid by SJCE customers include amounts for transmission and distribution of electricity established by PG&E, as well as a “power charge indifference adjustment” (“PCIA”), a franchise fee surcharge and other non-bypassable load charges imposed by the CPUC. Such charges are imposed by the CPUC to compensate IOUs for excess investments in power generation and long-term power purchase contracts resulting from the loss of customers to CCAs, which in each case are passed through on a customer’s bill in the amounts established or imposed.

The PCIA paid by a customer can vary annually based on a number of market factors including benchmarks for regional energy costs, resource adequacy, the year the customer joined SJCE, and other considerations. The PCIA has historically been volatile, rising over 900% from \$4.42/MWh to \$44.29/MWh between 2013 and 2021, respectively. As market electricity prices rose in 2021, PG&E sold power at a higher price and had less “above market” cost to pass to SJCE customers. This resulted in a 93% decrease in the PCIA from \$44.29/MWh to \$3.06/MWh between 2021 and 2023, respectively.

As of January 1, 2024, PG&E’s published PCIA for large commercial customers on PG&E’s E-19 and B-19 rates with a PCIA vintage year of 2018 (the PCIA vintage year of the majority of SJCE’s customers) is approximately \$8.65 per MWh, compared to \$3.06 per MWh and \$23.78 per MWh as of January 1, 2023, and March 1, 2022, respectively. As of January 1, 2025, the PCIA decreased to \$6.30 per MWh for large commercial customers on PG&E’s E-19 and B-19 with a PCIA vintage year of 2018. [On November 6, 2025, PG&E filed its Fall Update Errata to its 2026 Energy Resource Recovery Account and Generation Non-bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation Fall Testimony, which showed a proposed 2026 PCIA of \$34.19 per MWh for E-19 and B-19 customers with a PCIA vintage year of 2018. The CPUC will consider PG&E’s 2026 proposed PCIA and generation rates on or about December 18, 2025. It is expected that Council will evaluate SJCE’s rates in the first quarter of 2026, in light of PG&E’s 2026 proposed PCIA and generation rates, if and as approved by the CPUC.]

Current and Historical Rates. As described above, the total cost paid by SJCE customers for energy service generally consists of the cost of SJCE to provide energy service (which varies depending on the time of usage and other factors), transmission and distribution charges imposed by PG&E, PCIA and other non-bypassable load charges imposed by the CPUC. The following table shows the average total monthly cost for SJCE and PG&E energy service for a residential customer based on current rates effective March 1, 2025.

**San José Clean Energy
Average Total Monthly Cost – Residential Customer
Rates Effective March 1, 2025⁽¹⁾**

GreenSource (78.3%)	SJ Cares (21.3%)	TotalGreen (0.4%)	PG&E
65% Renewable Energy	65% Renewable Energy	100% Renewable Energy	33% Renewable Energy
SJCE Electric Generation \$53.12	SJCE Electric Generation \$47.80	SJCE Electric Generation \$57.12	PG&E Electric Generation \$71.44
PG&E Added Fees \$3.11	PG&E Added Fees \$3.11	PG&E Added Fees \$3.11	PG&E Added Fees -\$10.50
PG&E Electric Delivery \$110.99	PG&E Electric Delivery \$44.31	PG&E Electric Delivery \$110.99	PG&E Electric Delivery \$110.99
Average Total Cost \$167.22	Average Total Cost \$95.23	Average Total Cost \$171.23	Average Total Cost \$171.93

(1) Amounts are based on an average monthly residential usage of 400 kWh E-TOU-C rate schedule at SJCE rates effective March 1, 2025. Actual costs will vary depending on usage and other factors. This estimate is an average of seasonal rates.

(2) Customers enrolled in the State’s CARE or FERA programs are automatically enrolled in the SJ Cares program to receive a discount on SJCE charges. The SJ Cares discount is 10% off GreenSource generation charges.

Source: City of San José.

The following table shows the average total monthly cost for SJCE and PG&E energy service for a non-residential customer based on current rates effective March 1, 2025.

San José Clean Energy
Average Total Monthly Cost – Non-Residential Customer
Rates Effective March 1, 2025⁽¹⁾

GreenSource (99.6%)	TotalGreen (0.4%)	PG&E
65% Renewable Energy	100% Renewable Energy	33% Renewable Energy
SJCE Electric Generation \$3,395.12	SJCE Electric Generation \$3,669.43	PG&E Electric Generation \$4,672.03
PG&E Added Fees \$201.34	PG&E Added Fees \$201.34	PG&E Added Fees -\$675.62
PG&E Electric Delivery \$4,576.57	PG&E Electric Delivery \$4,576.57	PG&E Electric Delivery \$4,576.57
Average Total Cost \$8,173.04	Average Total Cost \$8,447.35	Average Total Cost \$8,572.98

(1) Based on a typical large commercial usage of 27,431 kWh under the B-19SV Time-of-Use rate schedule at SJCE rates effective March 1, 2025. Actual costs will vary depending on usage and other factors. This estimate is an average of seasonal rates.

Source: City of San José.

The primary energy alternative available to residents and businesses in SJCE’s service area is to opt out and return to PG&E. SJCE’s rates for GreenSource service, the SJCE’s base service, including the PCIA, have historically been lower than PG&E’s rates except between May 2021 and December 2022 when SJCE’s rates for GreenSource service were approximately 8% higher. As previously described, SJCE has experienced relatively stable opt-out rates since initial enrollment, even during periods when rates for its base service, GreenSource (inclusive of PG&E added fees), were 8% higher relative to PG&E rates. See “– SJCE Customers – *Cumulative Opt-Out Rate and Customer Retention.*”

SJCE’s GreenSource current rates for residential and non-residential service are approximately 7.2% to 9.5% lower than PG&E’s rates depending on customer rate and usage. SJCE’s generation charges are expected to be lower than PG&E’s rates for the period commencing March 1, 2025 and ending December 31, 2025. See– *Determination of Rates of Energy*” above for a discussion of the PCIA.

In November 2024, CCCFA issued 30-year tax-exempt Clean Energy Project Revenue Bonds totaling \$1.24 billion, which are expected to provide over 12% savings annually, or approximately \$8.7 million per year on average during the initial eight years. These savings will amount to \$66 million by the end of the initial term, ending September 1, 2032. SJCE expects to pass these savings to customers through decreased energy rates.

Looking forward, rising tariffs on imported clean energy technologies such as solar panels and battery systems are adding uncertainty to energy markets. These cost pressures may lead to higher prices for future power purchase agreements and could disrupt procurement schedules for clean energy projects. Additionally, the expiration of tax credits could slow progress on transportation and building electrification efforts across the City, making it more challenging to maintain momentum towards clean energy goals.

California Renewable Portfolio Standards and Other Regulations

General. Under CPUC designations, like all CCAs, the City is an LSE and as such is required to comply with California's Renewable Portfolio Standard, Resource Adequacy requirements and Power Source Disclosure requirements described below. These requirements are intended to ensure the reliability of electric service in the State.

Renewable Portfolio Standard. California's Renewable Portfolio Standard ("RPS") requires LSEs to supply their retail sales with minimum quantities of eligible renewable energy. California's RPS program was established in 2002 by California Senate Bill ("SB") 1078 with the initial requirement that 20% of electricity retail sales must be served by renewable resources by 2017. The program was accelerated in 2015 with SB 350 which mandated a 50% RPS by 2030. SB 350 includes interim annual RPS targets with three-year compliance periods and requires 65% of RPS procurement to be derived from long-term contracts of 10 or more years. In 2018, SB 100 was signed into law, which again increased the RPS to 60% by 2030 and requires all the State's electricity to come from carbon-free resources by 2045.

The CPUC implements and administers RPS compliance rules for California's retail sellers of electricity, which include large and small IOUs, electric service providers ("ESPs") and CCAs. The California Energy Commission is responsible for the certification of electrical generation facilities as eligible renewable energy resources and adopting regulations for the enforcement of RPS procurement requirements of publicly owned utilities.

Through SJCE, the City is meeting and exceeding the State's renewable electricity procurement requirements set forth in SB 100 and advancing San José's decarbonization goals guided by Climate Smart San José to be carbon neutral by 2030. Since SB 100 became effective on January 1, 2019, SJCE has entered into 21 long-term power purchase agreements of ten years or more for renewable power and capacity (excluding agreements relating to solar plus storage that the City has received notice may not be completed). Such agreements are comprised of diverse technologies, geographies, and characteristics, including solar plus storage, out-of-state wind, 4-hour and 8-hour battery storage, firm delivery solar, and geothermal to mitigate risk and support grid reliability. Of the 21 executed agreements, 14 agreements comply with California's RPS requirement. If all such agreements deliver power to SJCE as expected, the City is on track to be 60% renewable by the end of 2024, six years ahead of the State's deadline for this goal.

Resource Adequacy. In 2004, the CPUC adopted a Resource Adequacy ("RA") policy framework to ensure the reliability of electric service in the State. The CPUC's RA policy framework guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC's RA policy is implemented by the RA program, which is jointly administered by the CPUC and the CAISO, and directs LSEs to secure forward capacity and offer it into the CAISO's Day-Ahead and Real-Time markets to ensure that there will be enough supply in the right locations and with sufficient ramping capability to meet load. The RA program is comprised of three products: System RA; Local RA; and Flexible RA, although rules and categories are subject to modification by state agencies. Local RA obligations have been assigned to a Central Procurement Entity as of 2023.

Integrated Resource Planning. Integrated Resource Planning ("IRP") requires LSEs to forecast their customer load and develop a plan to serve such load in alignment with their own vision and values and in accordance with regulatory requirements. In October 2015, California codified this LSE responsibility with the passage of SB 350, which requires the CPUC to establish and oversee an IRP process to assist with meeting the state's aggressive GHG targets (40% below 1990 levels by 2030). The IRP process, which is used in many states across the US, generally produces 10- to 20-year plans that map out both the supply-side and demand-side resources required for meeting customer load. Given the complexity

of the grid and the time required to plan and build generating facilities, IRPs are critical for ensuring safe, reliable and clean power in a cost-effective manner. In addition to addressing the long-term planning horizon typical of an IRP process, the IRP process has been used in recent years to direct procurement of new capacity to meet near- and mid-term reliability and clean energy needs per CPUC Decision (“D.”) 19-11-016, D. 21-06-035 and D. 23-02-040. Pursuant to the procurement orders in these CPUC Decisions, LSEs are required to procure “Incremental System Capacity,” which is RA capacity from non-emitting, storage, and/or renewable resources that are in addition to the resources identified on a baseline list of existing, on-line and operating resources. Non-compliance comes with the risk of penalties.

The CPUC enforces non-compliance with RA obligations via citations and associated financial penalties. The CPUC’s LSEs are required to meet RA obligations, irrespective of price, availability, or penalties, with the limited exception of waivers under certain circumstances. The City has paid four CPUC citations assessed against the City for failing to procure RA in amounts sufficient to satisfy the City’s RA obligations in 2019 (\$6.8 million), 2020 (\$1.1 million), 2021 (\$758,000), and 2023 (\$10,000). The City prioritizes full compliance with the RA requirements, however tight RA market conditions and project delays make compliance challenging in months with high peak load. SJCE is working diligently to meet its annual targets and mitigate risk of penalties due to project delays using temporary bridge contracts with eligible resources that also satisfy RA compliance. However, future RA deficiencies and CPUC citations against the City are possible.

Power Source Disclosure. California law requires LSEs to disclose the types of power resources used to supply retail sales. This mandate, known as the Power Source Disclosure program (“PSD”), is a consumer information program managed by California Energy Commission on an annual basis. A key output of the PSD program is the Power Content Label (“PCL”). The PCL is an LSE-specific document that shows the breakdown of power resource types for each of the LSE’s energy products used to serve retail load, as well as a breakdown of resource types for the overall California grid. The PCL is distributed to customers each year. The City is currently in compliance with PSD requirements.

Regulatory Compliance Support. The Energy Department's Regulatory Compliance and Policy Division functions as the liaison between SJCE and state regulatory bodies and ensures the Energy Department meets all regulatory compliance mandates. The Regulatory Compliance and Policy Division engages with key regulatory bodies such as the California Public Utilities Commission, the California Energy Commission, the California Air Resources Board, and the California Independent System Operator.

The Regulatory Division's responsibilities include monitoring regulatory proceedings, engaging in direct regulatory advocacy, preparing detailed compliance reports, fulfilling data requests, and collaborating with other divisions to support their work. Annually, the Regulatory Division monitors over 30 regulatory proceedings and prepares more than 40 compliance reports and data submissions. This Division is supported by the City Attorney’s Office and external consultants and works closely with California Community Choice Association, the industry association for California community choice energy providers.

Energy Demand Forecast

The following table sets forth the City’s forecast of the energy load (reflected in MWh) that SJCE’s customers are projected to consume on an annual basis in the current and the next 10 calendar years. The Energy Department anticipates future load growth for SJCE driven by data centers, transportation electrification, and building electrification. The load forecast does not account for these load modifiers.

San José Clean Energy Ten-Year Energy Load Forecast Calendar Years 2025-2035

Calendar Year	Wholesale Load (MWh)	% Change
2025	3,909,825	--
2026	3,924,960	0.4%
2027	3,938,388	0.3%
2028	3,952,676	0.4%
2029	3,962,026	0.2%
2030	3,971,479	0.2%
2031	3,979,691	0.2%
2032	3,988,829	0.2%
2033	3,993,890	0.1%
2034	4,000,037	0.2%
2035	4,005,037	0.1%

Source: City of San José; Northern California Power Authority.

The ten-year energy load forecast was prepared by SJCE staff with the assistance of the City’s Scheduling Agent, Northern California Power Authority (“NCPA”), using a stochastic model that takes into account various factors, including historical load, historic weather data, incremental load growth based on new residential permits, commercial and industrial increases in square footage, behind-the-meter energy efficiency upgrades, and increases in electrification. Many factors beyond the City’s control may cause SJCE’s actual energy load to differ from the forecast, including differences between such assumptions and actual experience.

Sources of Energy

General. The City uses a portfolio risk-management approach in its power purchasing program consistent with the objectives set forth in ERMP, seeking low-cost supply as well as diversity among technologies, production profiles, project sizes and locations, counterparties, length of contract, and timing of market purchases. The City has a mix of short-, medium-, and long-term contracts for various power products including energy, capacity, and green attributes. As of September 1, 2025, the City had a total of 93 power purchase agreements relating to SJCE in the forward portfolio with a notional value of approximately \$3.2 billion to provide energy to SJCE customers for the remainder of calendar year 2025 and through 2048.

Energy Purchases. The following table summarizes the energy procured by the City in the previous calendar years 2021 through 2024 to serve retail customers for SJCE service offerings as a blended average. It also shows the estimated retail load and resource mix for 2025 and 2026.

**San José Clean Energy
Retail Load and Resource Mix
Calendar Years 2021-2026**

Calendar Year	Retail Load (MWh)	Renewable Mix	Large Hydroelectric	Nuclear	Other Sources
2021	3,787,868	53.3%	22.5%	22.9%	1.3%
2022	3,804,009	59.5%	7.2%	24.3%	8.9%
2023	3,658,373	56.8%	14.5%	24.4%	4.3%
2024	3,743,562	66.3%	17.3%	1.2%	15.2%
2025 ⁽¹⁾	3,664,472	65.4%	18.2%	6.6%	9.8%
2026 ⁽¹⁾	3,690,859	66.7%	16.9%	10.6%	5.7%

(1) Estimated.

Source: City of San José.

Since launching service to most San José residents and businesses in 2019, the renewable power content of SJCE’s base GreenSource produce has increased from 33.9% in 2019 to 65% in 2024. The City anticipates increasing its renewable power content in future years to accelerate progress on its carbon neutrality goals.

Energy Load and Supply Risk Management. The City continually manages its forward load obligations and supply commitments with the objective of balancing cost stability and cost minimization, while leaving some flexibility to take advantage of market opportunities or technological improvements that may arise. The City closely monitors its open position for Portfolio Content Category 1 (“PCC 1”) renewable energy according to calendar-year plans. The City’s open positions with respect to renewable energy purchases increase over time, consistent with generally accepted industry practice.

The City monitors its positions on a regular basis with its power supply scheduling coordinator, Northern California Power Authority. The City uses fixed-price energy contracts to hedge CAISO day-ahead market price exposure associated with its portfolio. More specifically, for the volumes and hours where the City does not have supply contracts that yield CAISO day-ahead revenue, the City uses fixed-price energy contracts where the City pays a fixed price per MWh to receive a floating price that clears for each hour. This helps hedge the City’s CAISO day-ahead market price exposure because the floating price is correlated with the City’s CAISO load price (PG&E’s default load aggregation point). As the City procures increasing portions of fixed-price renewables with storage and fixed-price large hydroelectric and asset controlling supplier energy, the City expects to reduce its use of fixed-price unspecified energy contracts.

Procurement. The City procures energy and RA pursuant to short-, medium-, and long-term agreements consistent with the ERMP. The ERMP outlines the objectives of the SJCE program and addresses key risks arising from participation in energy markets, and provides controls to mitigate such risks. The overall goal of the ERMP is to: (i) provide as much energy supply cost certainty for SJCE’s customers as possible while maintaining a least cost supply portfolio; (ii) meet the regulatory requirements and local clean energy goals, such as renewable energy content, low carbon content, and adequate capacity; and (iii) establish risk controls, contract authority limits, and procedures for the purchase and sale of power

products, consistent with prudent energy risk management practices. The ERM detail the roles, strategies, controls, and authorities under the ERMP. The ERM are approved annually and are subject to yearly review by an independent third-party audit firm to ensure SJCE adheres to the specific risk management practices outlined in the ERM.

The City strives to maintain an integrated and balanced portfolio of resources to cover SJCE customers' load serving obligations, maintain the value of power supply resources to serve SJCE customers, and manage resources within its financial requirements. The Energy Department follows a diversified procurement strategy for SJCE based on hedging against risk of open load positions over time and mitigating exposure to market price volatility and other pricing risks, including the strategies previously described. Portfolio optimization tools provide the insights necessary to make procurement decisions and include an analysis of SJCE's net open position limits.

The City's procurement of energy is guided, in part, by coverage thresholds, or targets, in the ERM for actual covered positions considering a variety of factors. Those factors include market and system conditions, such as higher risks of price spikes during the Summer and early Fall, uncertainty as to online date and expected volatility of output of long-term power purchase agreements, opportunities to take advantage of low prices from favorable hydrological conditions during the Spring, and schedules for natural gas storage reports. The coverage thresholds in the ERM are expressed as a ratio of actual covered positions to forecasted load for the specified intervals. The City is currently in compliance with the coverage thresholds.

Further descriptions of SJCE's policies and procedures addressing energy procurement and risk management, including copies of the City's ERMP and ERM, are available at <https://sanjosecleanenergy.org>. The reference to such web site address is presented herein for informational purposes only. The information presented on such website is not incorporated by reference to this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Energy Storage

The City has wholesale storage capacity under contract for approximately 385 megawatts ("MW") over the course of the next 10 to 20 years. The 385 MW includes co-located, hybrid and stand-alone storage. Of the 385 MW under contract, 227 MW will be paired with renewables. The City is considering additional energy storage within the current RA program framework.

SJCE Technology and Analytics; Cybersecurity

Technology and Analytics. The Energy Department's planning and procurement staff and risk management staff utilize analytical tools and models for portfolio optimization and risk management. The Energy Department is supported by the City's Information Technology ("IT") Department. The IT Department provides IT infrastructure and services including network, cybersecurity, storage, data analytics, business intelligence and collaboration tools. As the City's Scheduling Agent, NCPA manages the City's data related to power supply scheduling, control center and power portfolio management. Calpine Energy Solutions also provides customer information system management, call center, billing administration, and coordination with PG&E on behalf of SJCE.

Cybersecurity. The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the City is subject to cyber threats, including, but not limited to hacking, viruses/malware, and other attacks on information and communications assets. The City has taken steps to enhance the resiliency of its systems. Those steps include the establishment of a Cybersecurity Office to coordinate cybersecurity preparation and response

across City departments, adoption of administrative policies governing the use and security of the City's information and systems assets, implementation of a Virtual Security Operations Center to provide visibility across networks, and formation of a Cybersecurity Review Committee composed of key leaders at the City that meet periodically to manage and evaluate risk relating to cybersecurity.

The City's Information Technology Department is not aware of any significant data breaches of City information or systems assets to date. No assurances can be given that any organization's cybersecurity and operational controls will be completely successful in guarding against cyber threats, cyberattacks, and/or advanced persistent threats. The results of any attack on the City's computer and information technology systems could impact its services and cause serious impairment to the City's operations. The costs of remedying any such damage could be substantial.

SJCE Financial Information

Financial Statements. The audited financial statements of SJCE as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SJCE's financial statements, are attached to this Official Statement as Appendix B.

Macias Gini & O'Connell LLP (the "Auditor") served as independent auditor to the City in connection with the financial statements of SJCE as of and for the fiscal year ended June 30, 2025. The Auditor has not been engaged to perform and has not performed since the date of its reports included with the financial statements of SJCE as of and for the fiscal year ended June 30, 2025 attached as Appendix B, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement, including any procedures or action intended to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement.

The City maintains a general fund and enterprise funds other than the SJCE enterprise, including the San José Mineta International Airport and the Wastewater Treatment System, that are not described in this Official Statement. Certain information regarding the City's activities relating to its general fund and other funds is included in the City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025, a copy of which is located at <https://www.sanjoseca.gov/your-government/appointees/city-auditor/external-financial-audits>. The reference to such web site address is presented herein for informational purposes only. The information presented on such website is not incorporated by reference to this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

SJCE Financial Policies. The City Council has adopted various policies developed in conformity with Generally Accepted Accounting Principles and standards promulgated by the Governmental Account Standards Board, including policies that are intended to promote fiscal sustainability. With respect to SJCE specifically, the City has policies regarding operating reserves and the collection of customer invoices, which are summarized below.

Operating Reserves. The City Council has adopted policies relating to the maintenance of an operating reserve and a rate stabilization reserve in an effort to prudently manage SJCE operations in a manner that supports its long-term financial independence and stability, while providing sufficient financial capacity to meet short-term obligations.

The operating reserve policy provides for the maintenance of cash on hand in an amount equal to 180 days of operating expenditures for the then fiscal year, subject to SJCE's ability to meet operational expenditures and maintain competitive rates.

Under the rate stabilization reserve policy, prior to the end of each fiscal year and in accordance with GASB Statement No. 62, the City may defer the recognition of up to 10% of SJCE revenues from such fiscal year to future fiscal years to stabilize customer rates. SJCE revenues may be deferred for a fiscal year in which SJCE's Net Position exceeds 5% of total revenues for such fiscal year. The rate stabilization reserve policy became effective in Fiscal Year 2023-2024. For Fiscal Year 2024-2025, the City deferred the recognition of revenues totaling \$56 million pursuant to the rate stabilization reserve policy. In accordance with GASB Statement No. 62, the deferred revenue is shown in SJCE's financial statements as a reduction to operating revenues and a deferred inflow of resources related to rate stabilization. See "*Results of Operations*" and "*Statement of Net Position*" below.

Customer Collections. The City also maintains a policy relating to the collection of customer invoices. Invoices for active customers are collected by PG&E who furnishes customers with a single bill that includes SJCE's generation charges, as well as PG&E's delivery charges. If active customer accounts fall into arrears, SJCE processes delinquent customer service returns to PG&E. Customers who close their accounts with balances due that PG&E is unable to collect within 52 days of closure are collected by SJCE directly and may be assigned to an outside collection agency.

SJCE experienced an increase in customer payment delinquencies during the fiscal years most affected by the shelter-in-place orders enacted in response to the COVID-19 pandemic (i.e. Fiscal Years 2020-2021 and 2021-2022). SJCE's customer delinquencies were approximately 1.2% of SJCE's revenues for Fiscal Year 2018-2019, compared to approximately 2.1% of SJCE's revenues for Fiscal Year 2020-2021. For Fiscal Year 2024-2025, customer payment delinquencies totaled approximately 1.1% of SJCE's revenues for such fiscal year.

Revenues from Energy Sales and Operating Expenses. SJCE's operating revenues are primarily comprised of sales of electricity to consumers. As previously described, SJCE launched over the course of three phases with Fiscal Year 2019-2020 being SJCE's first full operating year. Changes in year-over-year revenue since Fiscal Year 2019-2020 have been driven primarily by changes in rates for electricity, not by new customers since SJCE's service area is largely built out.

Other Sources of Revenue. The City also receives operating revenue relating to SJCE from other sources. Other operating revenues include customer program funding originating from CPUC-directed customer fees that are reimbursed as program expenses are incurred, as well as liquidated damages from suppliers that fail to meet delivery commitments.

Results of Operations. The following table summarizes the results of operations of SJCE for Fiscal Years 2020-2021 through 2024-2025.

San José Clean Energy
Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Years 2020-2021 through 2024-2025
(in thousands)

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
OPERATING REVENUES					
Power sales, net ⁽¹⁾	\$ 280,388	\$ 351,099	\$ 513,269	\$ 521,285	\$ 501,950
Less: Rate stabilization reserve ⁽²⁾				(50,000)	(56,000)
Other revenues ⁽³⁾	--	--	2,234	20,977	21,557
Total operating revenues	280,388	351,099	515,503	492,262	467,506
OPERATING EXPENSES					
Power purchases	275,248	313,292	364,358	389,161	427,656
Operations and maintenance	8,020	8,492	8,055	8,326	11,420
General and administrative	8,347	9,504	13,774	15,908	18,316
Amortization	--	--	180	180	887
Total operating expenses	291,615	331,288	386,367	413,575	458,279
Operating income	(11,227)	19,811	129,136	78,687	9,227
NONOPERATING REVENUES					
Program grants	--	4,594	3,292	755	2,036
Investment income (loss)	--	(557)	(1,315)	7,071	9,059
Unrealized gain on investment	--	--	--	358	5,018
Interest expense	(191)	(201)	(1,895)	(458)	--
Letter of credit fees	(1,055)	(985)	(715)	(1,957)	(1,537)
Commercial paper fees	--	(451)	(439)	(310)	(501)
Other revenues	100	--	--	--	--
Intergovernmental payment to City	(246)	(220)	(326)	(363)	(390)
Net nonoperating revenues	(1,392)	2,180	(1,398)	5,096	13,686
Transfers out	--	--	--	--	--
Change in net position	(12,619)	21,991	127,738	83,783	22,913
Net position - beginning	38,960	26,341	48,332	176,070	259,853
Changes in accounting principles ⁽⁴⁾	--	--	--	--	(392)
Net position - ending	\$ 26,341	\$ 48,332	\$ 176,070	\$ 259,853	\$ 282,374

(1) Revenues from power sales decreased in Fiscal Year 2020-2021 due to reductions in SJCE customer service rates in response to increases in PCIA charges and in an effort to remain competitive with PG&E's rates.

(2) In Fiscal Years 2023-2024 and 2024-2025, the City deferred the recognition of operating revenues for such fiscal year in the amount of \$50 million and \$56 million, respectively, pursuant to SJCE's rate stabilization reserve policy and GASB Statement No. 62. See "– *SJCE Financial Policies*" above.

(3) Other operating revenues include customer program funding originating from CPUC-directed customer fees that are reimbursed as program expenses are incurred, as well as liquidated damages from suppliers that fail to meet delivery commitments.

(4) In Fiscal Year 2024-25, SJCE implemented GASB Statement No. 101, *Compensated Absences*, requiring that liabilities for compensated absences be recognized for leave under certain circumstances resulting in a restatement to beginning net position of \$392,000. See Note 2(k) to SJCE's audited financial statements as of and for the fiscal year ended June 30, 2025, attached as Appendix B to this Official Statement, for additional information.

Source: San José Clean Energy audited financial statements for the fiscal years shown.

Statement of Net Position. The following table summarizes SJCE's assets, liabilities, deferred inflows or resources and net position at June 30 of the years 2021 through 2025.

San José Clean Energy
Statement of Net Position
At June 30 of 2021 through 2025
(in thousands)

	At June 30 of the years shown				
	2021	2022	2023	2024	2025
ASSETS					
Current assets:					
Equity in pooled cash and investments held in City Treasury	\$ 5,020	\$ 37,439	\$ 165,147	\$ 221,350	\$246,051
Receivables, net of allowance	40,749	78,232	74,668	79,699	71,621
Prepaid expenses, advances and	9,475	4,856	8,293	10,346	9,574
Total unrestricted current assets	55,244	120,527	248,108	311,395	327,246
Restricted assets:					
Equity in pooled cash and investments held in City Treasury	20,000	23,367	1,667	50,000	106,000
Total current assets	75,244	143,894	249,775	361,395	433,246
Noncurrent assets:					
Net pension asset	--	2,747	--	--	--
Net OPEB asset	1,062	1,878	1,210	1,835	1,417
Subscription asset	--	--	540	360	3,773
Total noncurrent assets	1,062	4,625	1,750	2,195	5,190
Total assets	\$ 76,306	\$ 148,519	\$ 251,525	\$ 363,590	\$ 438,436
DEFERRED OUTFLOWS OF					
Pension related items	\$ 2,669	\$ 2,927	\$ 3,070	\$ 4,143	\$ 5,401
OPEB related items	454	714	1,521	1,407	1,123
Total deferred outflows of	\$ 3,123	\$ 3,641	\$ 4,591	\$ 5,550	\$ 6,524
LIABILITIES					
Current liabilities:					
Accrued cost of electricity	\$ 30,982	\$ 25,238	\$ 41,607	\$ 47,818	\$ 42,535
Accounts payable ⁽¹⁾	1,877	1,347	1,045	956	1,298
Accrued salaries, wages, and payroll	300	382	153	270	351
Interest and fees payable	--	--	--	407	18
Accrued vacation, sick leave and	399	410	483	586	852
Subscription liability	--	--	185	190	202
Leases Payable	--	--	--	--	345
User taxes and energy surcharges due	2,490	4,143	2,377	2,506	2,392
Estimated liability for self-insurance	--	--	--	--	3
Advances and deposits payable	--	1,226	105	208	346
Community investment pass-through	--	375	595	1,170	971
Due to CSJFA - commercial paper ⁽²⁾	15,000	60,000	20,000	--	--
Unearned revenue	--	6,025	11,666	3,285	2,465
Total current liabilities	51,048	99,146	78,216	57,396	52,778
Noncurrent liabilities:					
Net pension liability	\$ 1,160	\$ --	\$ 529	\$ 512	\$ 633
Subscription liability	--	--	391	202	221
Leases Payable	--	--	--	--	3,152
Total noncurrent liabilities	1,160	--	920	714	3,954
Total liabilities	\$ 52,708	\$ 99,146	\$ 79,136	\$ 58,110	\$ 55,732

San José Clean Energy
Statement of Net Position
At June 30 of 2021 through 2025
(in thousands)
(Continued)

	At June 30 of the years shown				
	2021	2022	2023	2024	2025
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 258	\$ 3,834	\$ 174	\$ 333	\$ 633
OPEB related items	122	848	736	844	211
Rate stabilization reserve	--	--	--	50,000	106,000
Total deferred inflows of resources	380	4,682	910	51,177	106,854
NET POSITION					
Net invested in capital assets	--	--	(36)	(32)	74
Restricted for net OPEB asset	--	--	1,210	1,835	1,417
Restricted for debt service	20,000	20,000	--	--	--
Unrestricted	6,341	28,332	174,896	258,050	280,883
Total net position	\$ 26,341	\$ 48,332	\$ 176,070	\$ 259,853	\$ 282,374

(1) Represents interfund loans with proceeds of lease revenue commercial paper notes issued by the City of San José Financing Authority. See “– *Other Liquidity Sources*.”

Source: San José Clean Energy audited financial statements for the fiscal years shown.

Available Cash. As of June 30, 2025, SJCE had available cash on hand totaling approximately \$246 million, excluding \$106 million comprising SJCE’s rate stabilization reserve. Cash on hand as of June 30, 2025 was equivalent to approximately 217 days (311 days taking into account cash on hand of \$106 million comprising SJCE’s rate stabilization reserve) of operating costs and expenses for Fiscal Year 2024-2025. See “– *SJCE Financial Policies*” above.¹

Pooled Cash and Investments Held in City Treasury. The City Council adopted an investment policy (“Investment Policy”) on April 2, 1985, related to the City’s cash and investment pool, which is subject to annual review and was most recently reviewed and amended on March 5, 2024. The Investment Policy specifically prohibits trading securities for the sole purpose of speculating or taking an un-hedged position on the future direction of interest rates. Per the Investment Policy, the investments conform to Sections 53600 et seq. of the California Government Code, and the applicable limitations contained within the Investment Policy.

The City invests SJCE’s funds in accordance with the Investment Policy. According to the Investment Policy, SJCE’s cash is fully invested in the City’s cash and investment pool, which is diversified with investments in the State of California Local Agency Investment Fund, obligations of the U.S. Treasury or U.S. Government Agencies, time deposits, investment agreements, money market mutual funds invested in U.S. Government securities, along with various other permitted investments.

As of June 30, 2025, SJCE’s share of the City’s cash and investment pool totaled approximately \$352 million. It is not possible to disclose relevant information about SJCE’s separate portion of the cash and investment pool, as there are no specific investments owned by the SJCE enterprise fund.

¹ To be updated to reflect proposed use of a portion of the rate stabilization reserve if approved by Council in December 2025, and any other anticipated use.

Other Liquidity Sources. In 2021, the City Council and the Governing Board of the City of San José Financing Authority (“CSJFA”) authorized the issuance by CSJFA of lease revenue commercial paper notes to make interfund loans to SJCE to finance the purchase of power and other operating costs of SJCE in an amount not to exceed \$95 million, subject to the satisfaction of certain conditions. In 2023, the City Council and the Governing Board of CSJFA reduced the notes authorized to be issued for such purpose to not to exceed \$75 million. As of June 30, 2025, no interfund loans payable by SJCE to the City’s General Fund were outstanding.

In 2023, JPMorgan Chase Bank, N.A. (“JPMorgan”) and the City entered into a Revolving Credit Agreement (the “Credit Agreement”) under which JPMorgan has committed to provide the City with a credit facility consisting of the following: (i) a \$50 million line of credit for working capital and other general operational purposes of SJCE, including to purchase power products and to secure the City’s payment obligations under power purchase agreements; (ii) a \$100 million standby letter of credit facility under which JPMorgan may issue standby letters of credit each with a term of two years or less to secure the City’s payment obligations under its power purchase agreements; and (iii) a \$100 million standby letter of credit facility under which JPMorgan may issue standby letters of credit with a term of more than two years to secure the City’s payment obligations under its power purchase agreements. The City’s obligations under the Credit Agreement are secured by SJCE’s net revenues. JPMorgan’s commitment to provide such credit facilities is scheduled to expire on February 17, 2028. In April 2025, the City reduced the standby letter of credit facility for a term of two years or less from \$100 million to \$25 million and the total amount of the credit facility from \$250 million to \$175 million.

Credit Rating. Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned SJCE an [“A2”] (stable outlook) and [“A”] (stable outlook) credit rating, respectively. Future events could have an adverse impact on such ratings and there is no assurance that any credit rating that is given to SJCE will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P or Moody’s, if, in their judgment circumstances so warrant, nor can there be any assurance that the criteria required to achieve such ratings will not change in the future. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City provided certain additional information and materials to S&P and Moody’s (some of which does not appear in this Official Statement). The ratings assigned to SJCE by S&P and Moody’s do not represent ratings assigned to the Bonds.

Bargaining Units. The majority of the full-time employees in the Energy Department are represented by the Municipal Employees’ Federation and the City Association of Management Personnel bargaining units. Most employees in the City Attorney’s Office are represented by the Association of Legal Professionals. The respective bargaining agreements between the City and the Municipal Employees’ Federation, the City Association of Management Personnel and the Association of Legal Professionals are currently scheduled to expire on June 30, 2026.

Retirement System. All regular full-time employees of the City and certain part-time employees, with the exception of certain unrepresented employees, participate in one of the two single employer defined benefit retirement systems established pursuant to the City Charter: the Federated Plan for non-sworn employees, and the Police and Fire Department Retirement Plan for sworn employees.

With the exception of certain unrepresented employees, all regular full-time and certain part-time employees in the Energy Department and the majority of the employees in the other City departments that support SJCE participate in the Federated Plan. The following summary of the City’s defined benefit retirement systems is limited to the Federated Plan because the intent of this Appendix A is to present information regarding SJCE only. However, the City has significant unfunded liabilities relating to the Police and Fire Department Retirement Plan that could increase in the future. Information regarding the

Police and Fire Department Retirement Plan, including the most recent actuarial valuation report the Police and Fire Department Retirement Plan, is available at <https://sjretirement.com>. The reference to such web site address is presented herein for informational purposes only. The information presented on such website is not incorporated by reference to this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The Federated Plan provides general retirement benefits under a single employer defined benefit pension plan (the “Federated Pension Plan”) and a postemployment healthcare plan (the “Federated Healthcare Plan”). The Federated Plan is administered by the Chief Executive Officer of the Office of Retirement Services, an employee of the City, who serves at the pleasure of the Board of Administration for the Federated Plan (the “Federated Plan Board”). Day-to-day operations are carried out by the City’s Office of Retirement Services staff under the oversight of the Federated Plan Board.

On June 5, 2012, San José voters adopted Measure B, which enacted the Sustainable Retirement Benefits and Compensation Act (“Measure B”) amending the City’s Charter to reform the City’s retirement benefit plans to address rising costs. Measure B was subsequently the subject of various legal challenges. In 2015, the City and certain of its bargaining units agreed to settle certain of the challenges. In 2016, the frameworks of the settlements were approved by the City voters pursuant to the Alternative Pension Reform Act (“Measure F”). In 2017, the City entered into a settlement agreement with the San José Retired Employees Association and certain named retirees. All litigation relating to Measure B has been resolved. The City’s current retirement system reflects the implementation of the related settlements, including the settlement frameworks approved under Measure F.

Federated Pension Plan. The Federated Pension Plan provides general retirement benefits including pension, death, and disability benefits to members. Federated Pension Plan benefits are based on average final compensation, years of service, and cost of living increases as specified by the City Municipal Code. The contribution and benefit provisions and all other requirements are established by the City Charter and the City Municipal Code. As of June 30, 2025, the Federated Pension Plan had a total of 11,312 members, of which 4,304 were active City employees and the remaining 7,008 were terminated vested members or in pay status members. Of the 11,312 members in the Federated Pension Plan as of June 30, 2025, 50 were Energy Department employees.

The City’s and the participating employees’ contributions to the Federated Pension Plan are based upon an actuarially determined percentage of each employee’s pensionable and earnable salary to arrive at an actuarially determined contribution (“ADC”) sufficient to provide adequate assets to pay benefits when due. The contribution requirements are established by Articles XV and XV-A of the City Charter and Title 3 of the San José Municipal Code.

The contribution rates to the Federated Pension Plan for the City and the participating employees for the fiscal year ended June 30, 2025 were based on the actuarial valuation performed as of June 30, 2023. SJCE’s share of the City’s contributions to the Federated Pension Plan during the fiscal year ended June 30, 2025 were approximately \$3.9 million, or 1.66% of the City’s total contributions to the Federated Pension Plan of approximately \$234 million for such fiscal year.

In January 2025, Cheiron Inc. (the “Plan Actuary”), the actuary for the Federated Plan, prepared five-year and twenty-year projections of the City’s contributions to the Federated Pension Plan based on the actuarial valuation as of June 30, 2024. According to the projections, the City’s contributions to the Federated Pension Plan are expected to increase from approximately \$241 million for Fiscal Year 2025-2026 to approximately \$265 million for Fiscal Year 2030-2031, peaking at approximately \$280 million in Fiscal Year 2036-2037 and decreasing to approximately \$78 million in Fiscal Year 2044-2045. The projections assume that contributions are made throughout the year, and that all assumptions were exactly

met since June 30, 2024, and are exactly met each year in the future. Actual experience is expected to deviate from the assumptions utilized for the projections.

The City's net pension liability as of June 30, 2025 for the Federated Pension Plan for financial reporting purposes under GASB Statement Nos. 67 and 68 is measured as the total pension liability, less the pension plan fiduciary net position as of the measurement date of June 30, 2024. The City's net pension liability for the Federated Pension Plan as of June 30, 2025 is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 and rolled forward to June 30, 2024 using standard update procedures by the actuary. At June 30, 2025, the City's net pension liability for the Federated Pension Plan totaled approximately \$2 billion (on an unaudited basis), representing a decrease of approximately \$16 million when compared to June 30, 2024. SJCE's proportionate share of the City's net pension liability at June 30, 2025 is \$0.439 million based on SJCE's share of 0.02% (compared to 0.03% at June 30, 2024).

The discount rate used to measure the total pension liability for financial reporting purposes was 6.625% for the annual actuarial valuation as of June 30, 2023. It is assumed that Federated Pension Plan members' contributions and City's contributions will be made based on the actuarially determined rates based on the funding policy of the Federated Plan Board. Based on those assumptions, the Federated Pension Plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows the market value of assets, actuarial value of assets (i.e. the value of cash, investments, and other property of the applicable plan used by the Plan Actuary)), and the City's total actuarial liability for the Federated Pension Plan as determined by the Plan Actuary, in each case as of June 30, 2023 and June 30, 2024. It also shows the City's unfunded actuarial liability ("UAL") for the Federated Pension Plan based on the market value of assets and the actuarial value of assets as of such dates. The actuarial valuation of the Federated Pension Plan as of June 30, 2024, is the most recent valuation performed of the Plan Actuary for the Federated Pension Plan available as of the date of this Official Statement.

**Federated Pension Plan
Assets and Liabilities on Actuarial Basis
(in millions)**

	June 30, 2023	June 30, 2024	% Change
Actuarial Liability	\$4,965,668	\$5,137,938	3.5%
Market Value of Assets ("MVA")	2,907,314	3,154,441	8.5
Unfunded Actuarial Liability – MVA Basis ⁽¹⁾	2,058,354	1,983,497	(3.6)
Funded Percentage – MVA Basis	58.5%	61.4%	
Actuarial Value of Assets ("AVA")	2,889,956	3,116,847	7.9
Unfunded Actuarial Liability – AVA Basis	2,075,712	2,021,091	(2.6)
Funded Percentage – AVA Basis	58.2%	60.7%	

Source: City of San José Federated City Employees Retirement System Actuarial Valuation Report as of June 30, 2024, prepared by Cheiron Inc.

The following table shows the UAL and funded ratio of the Federated Pension Plan as of June 30 of the years 2015 through 2024.

**Federated Pension Plan
Schedule of Funding Progress
(\$ in thousands)**

Valuation Date (June 30)	Actuarial Value of Assets	Actuarial Liability	UAL	Funded Percentage	Covered Payroll	UAL as % of Covered Payroll
2015	\$2,004,481	\$3,569,898	\$1,565,417	56%	\$251,430	623%
2016	2,034,741	3,786,730	1,751,989	54	266,823	657
2017	2,101,435	3,923,966	1,822,531	54	287,339	634
2018	2,179,488	4,100,821	1,921,333	53	298,985	643
2019	2,228,802	4,200,708	1,971,906	53	313,310	629
2020	2,301,469	4,401,083	2,099,614	52	341,552	615
2021	2,513,095	4,562,981	2,049,886	55	359,061	571
2022	2,709,625	4,750,646	2,041,021	57	384,197	531
2023	2,889,956	4,965,668	2,075,712	58	436,391	476
2024	3,116,847	5,137,938	2,021,091	61	486,216	416

(1) Rounded to the nearest whole percent.

Source: City of San José Federated City Employees Retirement System Actuarial Valuation Report as of June 30, 2024, prepared by Cheiron Inc.

For the fiscal year ended June 30, 2025, SJCE recognized a negative pension expense of \$1.031 million for the Federated Pension Plan. See Note 9 to SJCE’s audited financial statements as of and for the fiscal year ended June 30, 2025, included in this Official Statement as Appendix B for additional information regarding the Federated Pension Plan.

Additional information regarding the Federated Pension Plan, including copies of the City of San José Federated City Employees Retirement System Actuarial Valuation Report as of June 30, 2024, produced by the Plan Actuary, is available at <https://sjretirement.com>. The reference to such web site address is presented herein for informational purposes only. The information presented on such website is not incorporated by reference to this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Federated Healthcare Plan. The Federated Healthcare Plan includes a trust formed under Section 115 of the Internal Revenue Code, as amended, under which all Federated Healthcare Plan benefits are paid. Generally, the Federated Healthcare Plan provides medical and dental benefits to eligible retirees and their beneficiaries. Benefits are 100% of the premium cost for the lowest priced medical insurance plan available to an active City employee, and 100% of the premium cost for a dental insurance plan available to an active City employee. As of June 30, 2025, the Federated Healthcare Plan had a total of 4,882 members, of which 971 were active City employees. Of the 971 members in the Federated Healthcare Plan as of June 30, 2025, 8 were Energy Department employees.

Per the terms of the settlement frameworks approved by City voters pursuant to Measure F and other litigation relating to Measure B, in Fiscal Year 2017-2018, the City established a voluntary employee benefit association plan (“VEBA”) for retiree healthcare for certain members of the Federated Healthcare

Plan. The City does not make contributions into the VEBA and the VEBA is not subject to the jurisdiction of the Federated Plan Board.

The annual contribution costs for the Federated Healthcare Plan benefits are allocated to both the City and the eligible active employee members. With the implementation of Measure F, member contributions are fixed as a percentage of pay and the City's contribution toward the explicit subsidy (premium subsidy) is an ADC determined by the Federated Healthcare Plan. The ADC for the Federated Healthcare Plan is the normal cost plus the amortization payment on the unfunded actuarial liability, less expected member contributions. The City has an option to limit its ADC for the Federated Healthcare Plan to a fixed percentage of the payroll of all active members of the healthcare plan.

The City pays the implicit subsidy on a pay-as-you go basis as part of active health premiums. An implicit subsidy for retiree health benefits exists because the medical experience for retirees under age 65 are pooled with the experience for active employees, thereby resulting in a lowering of the premium paid for retirees under age 65. The implicit subsidy is included in the actuarial valuation of the Federated Healthcare Plan.

SJCE's share of the City's contribution to the Federated Healthcare Plan during the fiscal year ended June 30, 2025 totaled \$343,473, or 1.24% of the City's total contributions to the Federated Healthcare Plan of approximately \$28 million (on an unaudited basis) for such fiscal year.

In January 2025, the Plan Actuary also prepared five-year projections of the City's contributions to the Federated Healthcare Plan based on the June 30, 2024 actuarial valuations. According to the five-year projections, the City's contributions to the Federated Healthcare Plan are expected to increase from approximately \$21 million for Fiscal Year 2025-2026 to approximately \$23 million for Fiscal Year 2029-2030. The projections assume that all valuation assumptions were exactly met since June 30, 2024, and are exactly met each year for the projection period. Actual experience is expected to deviate from the assumptions utilized for the projections.

The City's net OPEB liability for the Federated Healthcare Plan for financial reporting purposes under GASB Statement Nos. 74 and 75 is measured as the total OPEB liability, less the plan fiduciary net position as of the June 30, 2024 measurement date. The City's net OPEB liability as of June 30, 2025 for the Federated Healthcare Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 and rolled forward to June 30, 2024 using standard update procedures by the actuary for the plan. At June 30, 2025, the City's net OPEB liability for the Federated Healthcare Plan totaled approximately \$317 million (on an unaudited basis), representing an increase of approximately \$27 million when compared to \$290 million at June 30, 2024. SJCE's proportionate share of the City's net OPEB liability at June 30, 2025 is a net OPEB asset of \$1.42 million based on SJCE's share of -0.45% (compared to -0.63% at June 30, 2024).

The discount rate used to measure the total OPEB liability was 6.00% for the measurement year ended June 30, 2024 and is based on the long-term expected rate of return on investments. It is assumed that Federated Healthcare Plan member contributions remain fixed at 7.5% of pay for employees eligible to participate in the Federated Healthcare Plan and the City contributes the ADC toward the explicit subsidy up to a maximum of 14% of the payroll of all active members eligible for full benefits or catastrophic disability benefits under the Federated Healthcare Plan. In addition, the City pays the implicit subsidy on a pay-as-you-go basis. Based on those assumptions, the Federated Healthcare Plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the Federated Healthcare Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table shows the market value of assets and the City's total actuarial liability for the Federated Healthcare Plan as determined by the Plan Actuary, in each case as of June 30, 2023 and June 30, 2024. It also shows the City's UAL for the Federated Healthcare Plan based on the market value of assets. The actuarial valuation of the Federated Healthcare Plan as of June 30, 2024, is the most recent valuation performed of the Plan Actuary for the Federated Healthcare Plan available as of the date of this Official Statement.

**Federated Healthcare Plan
Assets and Liabilities on Actuarial Basis ⁽¹⁾
(\$ in thousands)**

	June 30, 2023	June 30, 2024	% Change
Actuarial Liability	\$633,973	\$643,635	1.5%
Market Value of Assets	374,611	413,541	10.4
Unfunded Actuarial Liability	259,362	230,094	(11.3)
Funded Percentage	59.1%	64.3%	
Actuarial Liability – Implicit	\$79,013	\$76,750	(2.9)

(1) Explicit subsidy only unless otherwise noted.

Source: City of San José Postemployment Healthcare Plan Actuarial Valuation Report as of June 30, 2024, prepared by Cheiron Inc.

The following table shows the UAL and funded ratio of the Federated Healthcare Plan as of June 30 of the years 2015 through 2024.

**Federated Healthcare Plan
Schedule Funding Progress
(\$ in thousands)**

Valuation Date (June 30)	Actuarial Value of Assets	Actuarial Liability	UAL	Funded Percentage	Covered Payroll	UAL as % of Covered Payroll
2015	\$209,761	\$817,673	\$607,912	26%	\$251,430	242%
2016	225,845	764,261	538,416	30	266,823	202
2017	248,583	630,452	381,869	39	287,339	133
2018	277,256	650,114	372,858	43	298,985	125
2019	294,489	631,752	337,263	47	299,002	113
2020	303,313	650,419	347,106	47	322,850	108
2021	384,613	662,860	278,247	58	339,546	82
2022	349,124	650,670	301,546	54	360,936	84
2023	374,611	712,986	338,375	53	409,009	83
2024	413,541	720,385	306,844	57	454,295	68

(1) Rounded to the nearest whole percent.

Source: City of San José Postemployment Healthcare Plan Actuarial Valuation Report as of June 30, 2024, prepared by Cheiron Inc.

For the fiscal year ended June 30, 2025, SJCE recognized a negative OPEB expense of \$41,000.

See Note 10 to SJCE's audited financial statements as of and for the fiscal year ended June 30, 2025, included in this Official Statement as Appendix B for additional information regarding the Federated Healthcare Plan. Additional information regarding the Federated Healthcare Plan, including copies of the City of San José Postemployment Healthcare Plan Actuarial Valuation Report as of June 30, 2024, produced by the Plan Actuary, is available at <https://sjretirement.com>. The reference to such web site address is presented herein for informational purposes only. The information presented on such website is not incorporated by reference to this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Claims, Litigation and Other Contingencies. The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; contractual delays and defaults by energy suppliers; and natural disasters. The City also has certain contingent obligations with respect to SJCE. See Note 12 to SJCE's audited financial statements as of and for the fiscal year ended June 30, 2025, included in this Official Statement as Appendix B for discussion regarding certain contingent obligations of the City with respect to SJCE.