

## **GOOD FAITH ESTIMATES**

The good faith estimates set forth herein are provided with respect to the 2018 Refunding COPs in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Urban Futures, Inc., the City's Municipal Advisor (the "Municipal Advisor") in consultation with Hilltop Securities (the "Original Purchaser")

**Principal Amount.** The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2018 Refunding COPs to be sold is \$10 million, respectively (the "Estimated Principal Amounts").

**True Interest Cost of the 2018 Refunding COPs.** The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amounts of the 2018 Refunding COPs is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2018 Refunding COPs, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2018 Refunding COPs, is 3.19%.

**Finance Charge of the Refunding Bonds.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2018 Refunding COPs is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2018 Refunding COPs, which means the sum of all fees and charges paid to third parties (or costs associated with the 2018 Refunding COPs, is \$310,000. Additionally, there will be an annual Trustee fee of approximately \$1,500 for as long as the 2018 Refunding COPs are outstanding.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2018 Refunding COPs is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the 2018 Refunding COPs, less the finance charge of the 2018 Refunding COPs, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2018 Refunding COPs, is \$8.53 million.

**Total Payment Amount.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2018 Refunding COPs is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the 2018 Refunding COPs, plus the finance charge for the 2018 Refunding COPs, as described above, not paid with the respective proceeds of the 2018 Refunding COPs, calculated to the final maturity of the 2018

Refunding COPs, is \$11.81 million. Additionally, there will be an annual Trustee fee of approximately \$1,500 for as long as the 2018 Refunding COPs are outstanding.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2018 Refunding COPs issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the 2018 Refunding COPs being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2018 Refunding COPs sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the 2018 Refunding COPs being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the 2018 Refunding COPs being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the 2018 Refunding COPs and the actual principal amount of 2018 Refunding COPs sold will be determined by the City based on various factors. The actual interest rates borne by the 2018 Refunding COPs will depend on market interest rates at the time of sale thereof. The actual amortization of the 2018 Refunding COPs will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.