

RESOLUTION NO. 20-8834

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA AUTHORIZING AND APPROVING (I) THE REFUNDING OF CERTAIN OUTSTANDING BONDS; (II) THE EXECUTION AND DELIVERY OF (A) A LOAN AGREEMENT WITH BANK OF AMERICA, N.A. AND THE BORROWING BY THE CITY THEREUNDER TO BE EVIDENCED BY SUBORDINATED ELECTRIC REVENUE REFUNDING BONDS, SERIES 2020-1 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$70 MILLION; (B) A LOAN AGREEMENT WITH BANK OF AMERICA, N.A AND THE BORROWING BY THE CITY THEREUNDER TO BE EVIDENCED BY SUBORDINATED ELECTRIC REVENUE REFUNDING BONDS, SERIES 2020-2 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50 MILLION; (C) A LOAN AGREEMENT WITH BANK OF AMERICA, N.A. AND THE BORROWING BY THE CITY THEREUNDER TO BE EVIDENCED BY SUBORDINATED ELECTRIC REVENUE REFUNDING BONDS, SERIES 2020-3 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25 MILLION; AND (III) CERTAIN OTHER DOCUMENTS AND ACTIONS RELATING THERETO

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the City is a duly constituted charter city of the State of California authorized to exercise the powers granted by its Charter;

WHEREAS, pursuant to Section 1321(e) of the City's Charter and Resolution No. 4796 entitled "A Resolution of the City Council of the City of Santa Clara Establishing Procedures for the Authorization, Issuance and Sale of Electric Utility Revenue Bonds" adopted on May 8, 1984, as amended by Resolution No. 4804, adopted on May 29, 1984, and as amended by Resolution No. 7313, adopted on April 25, 2006, and Resolution No. 4934 entitled "A Resolution of the City Council of the City of Santa Clara Establishing Procedures for the Authorization, Issuance and Sale of Refunding Electric Utility Revenue Bonds" adopted on April 30, 1985, as amended by Resolution No. 4966, adopted on July 9, 1985, as supplemented by Resolution No. 4967, adopted on July 9, 1985, and as amended by Resolution No. 7314, adopted on April 25, 2006, each of which includes any supplemental procedural resolution adopted pursuant thereto (collectively, the "Procedural Resolution"), the City is authorized to issue revenue bonds for the purpose of financing the generation, production, transmission and distribution of electric energy,

including the acquisition and/or construction of land and facilities therefor, and to issue refunding revenue bonds of the City for the purpose of redeeming or retiring revenue bonds issued by it;

WHEREAS, pursuant to the City Charter and the Procedural Resolution, and for the purposes of securing the City of Santa Clara Electric Revenue Bonds issued thereunder (the “Senior Electric Revenue Bonds”), the City has entered into an Amended and Restated Electric Revenue Bond Indenture, dated as of March 1, 2011 (the “Senior Electric Bond Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Senior Bond Trustee”), as amended and supplemented by (i) a First Supplemental Electric Revenue Bond Indenture, dated as of March 1, 2011, by and between the City and the Senior Bond Trustee, pursuant to which the City’s Electric Revenue Refunding Bonds, Series 2011 A (the “Senior 2011 A Electric Revenue Bonds”) were issued; (ii) a Second Supplemental Electric Revenue Bond Indenture, dated as of April 1, 2013, by and between the City and the Senior Bond Trustee, pursuant to which the City’s Electric Revenue Refunding Bonds, Series 2013 A (the “Senior 2013 A Electric Revenue Bonds”) were issued; and (iii) a Third Supplemental Electric Revenue Bond Indenture, by and between the City and the Senior Bond Trustee, pursuant to which the City’s Electric Revenue Refunding Bonds, Series 2018 A were issued;

WHEREAS, pursuant to the City Charter and the Procedural Resolution, the City has heretofore entered into a Loan Agreement, dated as of June 16, 2014 (the “2014 Loan Agreement”), by and between the City and Banc of America Preferred Funding Corporation (the “2014 Lender”), under which the 2014 Lender agreed to make a term loan to the City evidenced by the issuance and delivery by the City to the 2014 Lender of a subordinated electric revenue bond of the City (the “2014 Subordinate Electric Revenue Bond”) payable from and secured by net revenues of the City’s electric system on a basis subordinate to the payment of the City’s Senior Electric Revenue Bonds;

WHEREAS, following a request for qualifications process and a review of proposals received,

the City has determined to authorize the refunding of (i) all of the City's outstanding Senior 2011 A Electric Revenue Bonds, (ii) all or a portion of the City's outstanding Senior 2013 A Electric Revenue Bonds, and (iii) the City's 2014 Subordinate Electric Revenue Bond, through the issuance by the City of separate series of subordinated electric revenue bonds to be delivered to Bank of America, N.A. (the "Bank") as evidence of the repayment obligations of the City for the respective loans to be made by the Bank for such purposes under, and on the terms and conditions as set forth in, separate loan agreements between the City and the Bank;

WHEREAS, there has been presented to this meeting the forms of the Loan Agreements (each, a "Loan Agreement," and collectively, the "Loan Agreements") proposed to be entered into between the City and the Bank, under each of which the Bank will agree to a term loan to the City payable from and secured by net revenues of the City's Electric Utility remaining after payment of amounts required to be paid under and as provided for in the Senior Electric Bond Indenture securing the payment of the City's Senior Electric Revenue Bonds and Parity Debt of the City (as such term is defined in the Senior Electric Bond Indenture), for principal, interest, reserve fund and any other debt service or other requirements on the Senior Electric Revenue Bonds and any Parity Debt as the same shall become due (as more fully described in said form of Loan Agreement and the hereinafter referenced Bond Order (defined below) of the City, the "Available Electric Revenues");

WHEREAS, the repayment obligations of the City for the loans made to the City under the Loan Agreements will be evidenced by subordinated electric revenue bonds of the City in substantially the forms attached to the Bond Order, Fiscal Agent Agreement and Pricing Certificate of the City authorized to be executed by the City Manager or any duly authorized designee thereof pursuant to this Resolution at the time of delivery of the subordinate electric revenue bonds to the Bank (as so executed, the "Bond Order"), such subordinated electric revenue bonds to be designated the "City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-1," the "City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-2," and the "City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series

2020-3,” respectively (collectively referred to herein as the “Subordinate Electric Revenue Bonds”);

WHEREAS, the Subordinate Electric Revenue Bonds shall each constitute an electric revenue bond of the City for all purposes under Section 1320 and 1321(e) of the City Charter and the Procedural Ordinance; and this Resolution, together with the Bond Order (as incorporated in this Resolution pursuant to Section 6 hereof), shall constitute a general resolution for the purposes of the Procedural Resolution;

WHEREAS, California Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

WHEREAS, in compliance with Government Code Section 5852.1, the City Council has obtained from PFM Financial Advisors LLC, the City’s municipal advisor in connection with the transactions authorized hereby, the required good faith estimates and such estimates are disclosed and set forth in Appendix A attached hereto;

WHEREAS, in order to provide for the early redemption of the Senior 2011 A Electric Revenue Bonds and the Senior 2013 A Electric Revenue Bonds to be refunded and the deposit of moneys to be held in trust therefor prior to the respective redemption dates for such bonds, the City intends to enter into Escrow Agreements with The Bank of New York Mellon Trust Company, N.A., as the Senior Bond Trustee and as escrow agent, the forms of which Escrow Agreements have been presented to this meeting; and

WHEREAS, the City Council has reviewed all proceedings previously taken relative to the transactions contemplated by the foregoing, and has found as a result of such review, and hereby determines and declares that all conditions, things and acts required by law to exist, happen or be performed precedent to the transactions contemplated by the foregoing do exist, and were performed in due time, form and manner as required by law, and the City Council is now authorized to undertake the transactions contemplated by the foregoing;

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Approval of Loan Agreements. The City Manager of the City (the "City Manager") or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City, and the City Clerk of the City (the "City Clerk") shall attest thereto, the Loan Agreements, in substantially the forms submitted to this meeting, with such changes and additions as the City Manager or the Director of Finance of the City (the "Director of Finance") shall approve after consultation with the City Attorney of the City (the "City Attorney") and the City's bond counsel ("Bond Counsel"), such approval to be evidenced by the execution and delivery thereof. The Loan Agreements, as executed and delivered, are each herein referred to as a "Loan Agreement" and are collectively herein referred to as the "Loan Agreements." Each of such Loan Agreements is hereby approved.

2. Authorization and Approval of Bond Order. In order to establish and declare the terms and conditions upon which Subordinate Electric Revenue Bonds of the City shall be issued to evidence and secure the repayment obligations of the City under the Loan Agreements as contemplated thereby, the City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City, and the City Clerk shall attest thereto, the Bond Order at the time of delivery of such Subordinate Electric Revenue Bonds, in substantially the form submitted to this meeting, with such changes and additions as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to

be evidenced by the execution and delivery thereof.

The City Manager is hereby authorized to select and appoint a fiscal agent (the "Fiscal Agent") for the Subordinate Electric Revenue Bonds to authenticate and deliver the Subordinate Electric Revenue Bonds, to make payments thereon on behalf of the City from funds of the City provided for such purpose, and to perform such other duties as Fiscal Agent as set forth in the Bond Order, and the initial Fiscal Agent shall be designated in such Bond Order, as the same is completed as provided in this Resolution.

3. Authorization and Approval of Subordinate 2020-1 Bonds. The issuance and delivery of the City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-1 (the "Subordinate 2020-1 Bonds") and the borrowing under the related Loan Agreement evidenced thereby, on the terms and conditions set forth in the Loan Agreement and in the Bond Order of the City, for the purposes of (i) refunding the City's outstanding Senior 2011 A Electric Revenue Bonds and (ii) paying costs of issuing the Subordinate 2020-1 Bonds, is hereby authorized and approved, subject to the limitations specified herein.

The proposed form of the Subordinate 2020-1 Bonds, as set forth in the Bond Order, with such changes and additions as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, is hereby approved. The City Manager is hereby authorized and directed to execute for and on behalf of the City, the Subordinate 2020-1 Bonds in substantially such form and the City Clerk is authorized and directed to attest thereto (by manual or facsimile signature), and the Fiscal Agent is hereby authorized and directed to authenticate and deliver the Subordinate 2020-1 Bonds to the Bank on behalf of the City in accordance with the Bond Order, the related Loan Agreement and this Resolution; provided, however, that (i) the aggregate principal amount of the Subordinate 2020-1 Bonds shall not exceed \$70,000,000; (ii) the final maturity of the Subordinate 2020-1 Bonds and any borrowing under the Loan Agreement evidenced thereby shall be not later than July 1, 2032, (iii) the initial Taxable Rate (as defined in the related Loan Agreement) shall not exceed 6.00% per annum; (iv) no original issue

discount or bond premium shall be applicable; and (v) the total net present value savings to the City from the delivery of the Subordinate 2020-1 Bonds shall be not less than 10% of the aggregate par amount of the Senior 2011 A Electric Revenue Bonds refunded thereby.

4. Authorization and Approval of Subordinate 2020-2 Bonds. The issuance and delivery of the City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-2 (the "Subordinate 2020-2 Bonds") and the borrowing under the related Loan Agreement evidenced thereby, on the terms and conditions set forth in the Loan Agreement and in the Bond Order, for the purposes of (i) refunding all or a portion of the City's outstanding Senior 2013 A Electric Revenue Bonds and (ii) paying costs of issuing the Subordinate 2020-2 Bonds, is hereby authorized and approved, subject to the limitations specified herein.

The proposed form of the Subordinate 2020-2 Bonds, as set forth in such Bond Order, with such changes and additions as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, is hereby approved. The City Manager is hereby authorized and directed to execute for and on behalf of the City, the Subordinate 2020-2 Bonds in substantially such form and the City Clerk is authorized and directed to attest thereto (by manual or facsimile signature), and the Fiscal Agent is hereby authorized and directed to authenticate and deliver the Subordinate 2020-2 Bonds to the Bank on behalf of the City in accordance with the Bond Order, the related Loan Agreement and this Resolution; provided, however, that (i) the aggregate principal amount of the Subordinate 2020-2 Bonds shall not exceed \$50,000,000; (ii) the final maturity of the Subordinate 2020-2 Bonds and any borrowing under the related Loan Agreement evidenced thereby shall be not later than July 1, 2028, (iii) the initial Taxable Rate (as defined in the related Loan Agreement) shall not exceed 6.00% per annum; (iv) no original issue discount or bond premium shall be applicable; and (v) the total net present value savings to the City from the delivery of the Subordinate 2020-2 Bonds shall be not less than 3% of the aggregate par amount of the Senior 2013 A Electric Revenue Bonds refunded thereby.

5. Authorization and Approval of Subordinate 2020-3 Bonds. The issuance and delivery of the City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-3 (the "Subordinate 2020-3 Bonds") and the borrowing under the related Loan Agreement evidenced thereby, on the terms and conditions set forth in the Loan Agreement and in the Bond Order, for the purpose of (i) refunding the City's 2014 Subordinate Electric Revenue Bond and refinancing the loan evidenced thereby and (ii) paying costs of issuing the Subordinate 2020-3 Bonds, is hereby authorized and approved, subject to the limitations specified herein.

The proposed form of the Subordinate 2020-3 Bonds, as set forth in such Bond Order, with such changes and additions as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, is hereby approved. The City Manager is hereby authorized and directed to execute for and on behalf of the City, the Subordinate 2020-3 Bonds in substantially such form and the City Clerk is authorized and directed to attest thereto (by manual or facsimile signature), and the Fiscal Agent is hereby authorized and directed to authenticate and deliver the Subordinate 2020-3 Bonds to the Bank on behalf of the City in accordance with the Bond Order, the related Loan Agreement and this Resolution; provided, however, that (i) the aggregate principal amount of the Subordinate 2020-3 Bonds shall not exceed \$25,000,000; (ii) the final maturity of the Subordinate 2020-3 Bonds and any borrowing under the related Loan Agreement evidenced thereby shall be not later than July 1, 2024, (iii) the Tax-Exempt Rate (as defined in the related Loan Agreement) shall not exceed 5.00% per annum; (iv) no original issue discount or bond premium shall be applicable; and (v) the total net present value savings to the City from the delivery of the Subordinate 2020-3 Bonds shall be not less than 1% of the aggregate par amount of the 2014 Subordinate Electric Revenue Bond refunded thereby.

6. Terms of and Security for the Subordinate Electric Revenue Bonds; Pledge of Available Electric Revenues. The Subordinate Electric Revenue Bonds evidencing the repayment obligations of the City under the Loan Agreements shall be subordinate revenue bonds of the City's electric utility Enterprise (as such term is defined in the Senior Electric Bond Indenture) and, as provided in the Procedural Resolution, such definition shall constitute the definition of the "Enterprise" for purposes of this Resolution.

The Subordinate Electric Revenue Bonds and the repayment obligations of the City under the respective Loan Agreements evidenced thereby are special, limited obligations of the City and are payable as to both principal of and interest from, and shall be secured by a pledge of Available Electric Revenues as and to the extent provided in the Bond Order and the respective Loan Agreement, and the City shall not be required to advance money from any other source other than Available Electric Revenues. The pledge of Available Electric Revenues provided for in the Bond Order and the Loan Agreements is hereby approved. The general fund of the City is not liable, and the credit or taxing power of the City is not pledged, for the payment of the Subordinate Electric Revenue Bonds or the payment obligations of the City under the Loan Agreements evidenced thereby.

The Subordinate Electric Revenue Bonds of each series will be dated, will bear interest from such dated date at the rates, will mature on the dates and in the principal amounts, will be issued in the forms, will be subject to redemption (if applicable), and will have such other terms as otherwise provided in the Bond Order as the same is completed as provided in this Resolution. The City Manager or the duly authorized designee thereof is hereby authorized to approve the final terms of the Subordinate Electric Revenue Bonds as set forth in the Bond Order, subject to the parameters for each series of such Subordinate Electric Revenue Bonds set forth in Section 3, Section 4 and Section 5 of this Resolution, and the execution and delivery of the Bond Order by such officer as provided herein shall evidence such approval.

The terms of the Subordinate Electric Revenue Bonds as so provided in the Bond Order are hereby incorporated by this reference into this Resolution with the same force and effect as if set forth herein.

7. Approval of Escrow Agreements. The City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City, the Escrow Agreements, in substantially the forms submitted to this meeting, with such changes therein as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The Escrow Agreements, as executed and delivered, are each herein referred to as an "Escrow Agreement" and are collectively herein referred to as the "Escrow Agreements." Each of such Escrow Agreements is hereby approved.

8. Additional Actions. The City Manager, the Director of Finance, the Chief Electric Utility Officer, the City Clerk or their respective designees and any and all other officers of the City are hereby authorized and directed, individually and collectively, to do any and all things and to take all actions, including all actions necessary in order to effect the conversion of the respective interest rates on the Subordinate 2020-1 Bonds and Subordinate 2020-2 Bonds from the Taxable Rate to the Tax-Exempt Rate on the applicable Conversion Date (as such terms are defined in the related Loan Agreement), and execute and delivery any and all documents, including the execution and delivery of all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents (including, without limitation, tax-exempt bond conversion agreements, tax certificates, investment agreements or amendments or termination agreements with respect to the existing debt service reserve forward delivery agreement applicable to the Senior 2011 A Electric Revenue Bonds and the Senior 2013 A Electric Revenue Bonds to be refunded and financial, or legal services contracts), as may be necessary, convenient or advisable in order to consummate the transactions contemplated by the Loan Agreements, the Escrow

Agreements, the Bond Order and this Resolution. All such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

9. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 7th DAY OF APRIL, 2020, BY THE FOLLOWING VOTE:

AYES: COUNCILORS: Chahal, Davis, Hardy, O'Neill, and Watanabe,
and Mayor Gillmor

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:
1. Appendix A

APPENDIX A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the (i) City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-1 (the "Subordinate 2020-1 Bonds"), (ii) City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-2 (the "Subordinate 2020-2 Bonds"), and (iii) City of Santa Clara, California Subordinated Electric Revenue Refunding Bonds, Series 2020-3 (the "Subordinate 2020-3 Bonds," and collectively with the Subordinate 2020-1 Bonds and Subordinate 2020-2 Bonds, the "Subordinate Electric Revenue Bonds"), in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the City by PFM Financial Advisors LLC, as municipal advisor to the City (the "Municipal Advisor").

Subordinate 2020-1 Bonds

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 Subordinate 2020-1 Bonds to be delivered is \$52,015,000 (the "Estimated Principal Amount").

True Interest Cost of the Subordinate 2020-1 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-1 Bonds is delivered, based on market interest rates prevailing at the time of preparation of such estimate and assuming the interest rate on the Subordinate 2020-2 Bonds is converted to a tax-exempt rate as contemplated by the governing documents, its good faith estimate of the true interest cost of the Subordinate 2020-1 Bonds, 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 Subordinate 2020-1 Bonds, is 1.993%.

Finance Charge of the Subordinate 2020-1 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-1 Bonds is delivered, 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 Subordinate 2020-1 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Subordinate 2020-1 Bonds), is \$160,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-1 Bonds is delivered, 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 Subordinate 2020-1 Bonds, less the finance charge of the Subordinate 2020-1 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Subordinate 2020-1 Bonds, is \$51,855,000.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-1 Bonds 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 Subordinate 2020-1 Bonds, plus the finance charge for the Subordinate 2020-1 Bonds, as described above, not paid with the proceeds of the Subordinate 2020-1 Bonds, calculated to the final maturity of the Subordinate 2020-1 Bonds, is \$62,608,222.

Subordinate 2020-2 Bonds

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 Subordinate 2020-2 Bonds to be delivered is \$33,090,000 (the "Estimated Principal Amount").

True Interest Cost of the Subordinate 2020-2 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-2 Bonds is delivered, based on market interest rates prevailing at the time of preparation of such estimate and assuming the interest rate on the Subordinate 2020-2 Bonds is converted to a tax-exempt rate as contemplated by the governing documents, its good faith estimate of the true interest cost of the Subordinate 2020-2 Bonds, 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 Subordinate 2020-2 Bonds, is 1.818%.

Finance Charge of the Subordinate 2020-2 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-2 Bonds is delivered, 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 Subordinate 2020-2 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Subordinate 2020-2 Bonds), is \$102,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-2 Bonds is delivered, 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 Subordinate 2020-2 Bonds, less the finance charge of the Subordinate 2020-2 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Subordinate 2020-2 Bonds, is \$32,988,000.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-2 Bonds 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 Subordinate 2020-2 Bonds, plus the finance charge for the Subordinate 2020-2 Bonds, as described above, not paid with the proceeds of the Subordinate 2020-2 Bonds, calculated to the final maturity of the Subordinate 2020-2 Bonds, is \$36,475,162.

Subordinate 2020-3 Bonds

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 Subordinate 2020-3 Bonds to be delivered is \$16,395,000 (the "Estimated Principal Amount").

True Interest Cost of the Subordinate 2020-3 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-3 Bonds is delivered, 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 Subordinate 2020-3 Bonds, 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 Subordinate 2020-3 Bonds, is 1.377%.

Finance Charge of the Subordinate 2020-3 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-3 Bonds is delivered, 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 Subordinate 2020-3 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Subordinate 2020-3 Bonds), is \$51,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-3 Bonds is delivered, 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 Subordinate 2020-3 Bonds, less the finance charge of the Subordinate 2020-3 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Subordinate 2020-3 Bonds, is \$16,344,000.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Subordinate 2020-3 Bonds 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 Subordinate 2020-3 Bonds, plus the finance charge for the Subordinate 2020-3 Bonds, as described above, not paid with the proceeds of the Subordinate 2020-3 Bonds, calculated to the final maturity of the Subordinate 2020-3 Bonds, is \$16,979,904.

The foregoing estimates with respect to the Subordinate Electric Revenue Bonds constitute good faith estimates only. The actual principal amount of each series of the Subordinate Electric Revenue Bonds issued and delivered, 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 delivery of such series of Subordinate Electric Revenue Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of such series of Subordinate Electric Revenue Bonds delivered being different from the Estimated Principal Amount, (c) the actual amortization of such series of Subordinate Electric Revenue Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of delivery of such series of Subordinate Electric Revenue Bonds being different than those estimated for purposes of such estimates, (e) a change in the interest rate on such series of Subordinate Electric Revenue Bonds under the terms of the governing documents upon the occurrence of events or under circumstances that differ from those assumed for purposes of the foregoing estimates, (f) other market conditions, or (g) alterations in the City's financing plan, or a combination of such factors. The actual date of delivery of the Subordinate Electric Revenue Bonds and the actual principal amount of Subordinate Electric Revenue Bonds delivered will be determined by the City based on a number of factors. The actual interest rate or rates borne by the Subordinate Electric Revenue Bonds will depend on market interest rates at the time of determination in accordance with the respective Loan Agreement. The actual amortization of the Subordinate Electric Revenue Bonds 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.