

SOURCES AND USES OF FUNDS

City of Salinas
 Reassessment District No. 2016 Limited Obligation Improvement Bonds
 Private Placement - City National Bank
 Updated 7-5-16

Dated Date 07/27/2016
 Delivery Date 07/27/2016

| Sources: | 1998 AD 98-1 Bella Vista III Refunding | 2000 AD 96-2 Acacia Park Refunding | 2002 RADA Bella Vista Refunding | 2002 RADB Bella Vista Refunding | Total |
|------------------------------------|--|--|---------------------------------------|---------------------------------------|---------------------|
| Bond Proceeds: | | | | | |
| Par Amount | 2,665,000.00 | 340,000.00 | 1,365,000.00 | 185,000.00 | 4,555,000.00 |
| Other Sources of Funds: | | | | | |
| Prior Reserve Fund | 266,571.00 | 90,090.00 | 209,393.08 | 190,182.43 | 756,236.51 |
| Installment of Assessment Revenues | 390,500.00 | 43,750.00 | 378,797.50 | 97,946.25 | 910,993.75 |
| | <u>657,071.00</u> | <u>133,840.00</u> | <u>588,190.58</u> | <u>288,128.68</u> | <u>1,667,230.26</u> |
| | 3,322,071.00 | 473,840.00 | 1,953,190.58 | 473,128.68 | 6,222,230.26 |

| Uses: | 1998 AD 98-1 Bella Vista III Refunding | 2000 AD 96-2 Acacia Park Refunding | 2002 RADA Bella Vista Refunding | 2002 RADB Bella Vista Refunding | Total |
|-----------------------------------|--|--|---------------------------------------|---------------------------------------|--------------|
| Refunding Escrow Deposits: | | | | | |
| Cash Deposit | 3,166,350.00 | 453,750.00 | 1,873,797.50 | 457,946.25 | 5,951,843.75 |
| Other Fund Deposits: | | | | | |
| Debt Service Reserve Fund | 79,950.00 | 10,200.00 | 40,950.00 | 5,550.00 | 136,650.00 |
| Delivery Date Expenses: | | | | | |
| Cost of Issuance | 75,771.00 | 9,890.00 | 38,443.08 | 9,632.43 | 133,736.51 |
| | 3,322,071.00 | 473,840.00 | 1,953,190.58 | 473,128.68 | 6,222,230.26 |

Notes:

- All numbers are preliminary and are subject to change.
- Interest rates used for the analysis above were derived from spreads provided by Municipal Finance Corporation on behalf of City National Bank. Stifel does not guarantee pricing results.
- Debt service reserve fund sized to 3% of par amount.
- Prior debt service reserve funds associated with 1998 and 2000 Bonds confirmed by the City.
- Prior debt service reserve funds associated with 2002A and 2002B Bonds confirmed by the Trustee.

SUMMARY OF REFUNDING RESULTS

City of Salinas
 Reassessment District No. 2016 Limited Obligation Improvement Bonds
 Private Placement - City National Bank
 Updated 7-5-16

| | 1998 AD 98-1 Bella Vista III Refunding | 2000 AD 96-2 Acacia Park Refunding | 2002 RADA Bella Vista Refunding | 2002 RADB Bella Vista Refunding | Total |
|---------------------------------------|--|--|------------------------------------|------------------------------------|--------------|
| Dated Date | 07/27/2016 | 07/27/2016 | 07/27/2016 | 07/27/2016 | 07/27/2016 |
| Delivery Date | 07/27/2016 | 07/27/2016 | 07/27/2016 | 07/27/2016 | 07/27/2016 |
| Arbitrage Yield | 2.471763% | 2.471763% | 2.471763% | 2.471763% | 2.471763% |
| Escrow Yield | | | | | |
| Value of Negative Arbitrage | | | | | |
| Bond Par Amount | 2,665,000.00 | 340,000.00 | 1,365,000.00 | 185,000.00 | 4,555,000.00 |
| True Interest Cost | 2.499545% | 2.699576% | 2.299410% | 2.299330% | 2.471763% |
| Net Interest Cost | 2.500000% | 2.700000% | 2.300000% | 2.300000% | 2.473635% |
| Average Coupon | 2.500000% | 2.700000% | 2.300000% | 2.300000% | 2.473635% |
| Average Life | 4.195 | 5.377 | 2.672 | 2.340 | 3.751 |
| Par amount of refunded bonds | 3,000,000.00 | 440,000.00 | 1,830,000.00 | 445,000.00 | 5,715,000.00 |
| Average coupon of refunded bonds | 5.700000% | 6.250000% | 4.870003% | 5.993239% | 5.600403% |
| Average life of refunded bonds | 3.884 | 5.211 | 2.280 | 2.277 | 3.347 |
| PV of prior debt | 3,419,756.24 | 530,419.79 | 1,960,659.07 | 489,403.14 | 6,400,238.23 |
| Net PV Savings | 175,665.76 | 63,062.41 | 55,327.80 | 22,775.20 | 316,831.17 |
| Percentage savings of refunded bonds | 5.855525% | 14.332366% | 3.023377% | 5.118022% | 5.543852% |
| Percentage savings of refunding bonds | 6.591586% | 18.547768% | 4.053319% | 12.310919% | 6.955679% |

SAVINGS

City of Salinas
 Reassessment District No. 2016 Limited Obligation Improvement Bonds
 Private Placement - City National Bank
 Updated 7-5-16

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value to 07/27/2016 @ 2.4717632% |
|------------|--------------------|----------------|---------------------|------------------------|--------------|--|
| 09/02/2016 | 910,993.75 | 910,993.75 | | | | |
| 09/02/2017 | 1,067,600.00 | | 1,067,600.00 | 902,290.90 | 165,309.10 | 161,751.73 |
| 09/02/2018 | 1,065,635.00 | | 1,065,635.00 | 897,675.00 | 167,960.00 | 160,335.43 |
| 09/02/2019 | 1,071,135.00 | | 1,071,135.00 | 903,310.00 | 167,825.00 | 156,175.54 |
| 09/02/2020 | 798,642.50 | | 798,642.50 | 633,340.00 | 165,302.50 | 149,950.90 |
| 09/02/2021 | 797,210.00 | | 797,210.00 | 629,090.00 | 168,120.00 | 148,677.02 |
| 09/02/2022 | 533,312.50 | | 533,312.50 | 454,580.00 | 78,732.50 | 67,986.30 |
| 09/02/2023 | 536,275.00 | | 536,275.00 | 463,760.00 | 72,515.00 | 61,029.59 |
| 09/02/2024 | 67,500.00 | | 67,500.00 | 47,430.00 | 20,070.00 | 16,475.40 |
| 09/02/2025 | 63,750.00 | | 63,750.00 | 46,215.00 | 17,535.00 | 14,035.76 |
| | 6,912,053.75 | 910,993.75 | 6,001,060.00 | 4,977,690.90 | 1,023,369.10 | 936,417.68 |

Savings Summary

| | |
|-------------------------------|-------------|
| PV of savings from cash flow | 936,417.68 |
| Less: Prior funds on hand | -756,236.51 |
| Plus: Refunding funds on hand | 136,650.00 |
| Net PV Savings | 316,831.17 |

SAVINGS

City of Salinas
1998 AD 98-1 Bella Vista III Refunding

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value to 07/27/2016 @ 2.4717632% |
|------------|--------------------|----------------|---------------------|------------------------|------------|--|
| 09/02/2016 | 390,500.00 | 390,500.00 | | | | |
| 09/02/2017 | 478,615.00 | | 478,615.00 | 423,102.43 | 55,512.57 | 54,481.57 |
| 09/02/2018 | 480,090.00 | | 480,090.00 | 422,875.00 | 57,215.00 | 54,795.08 |
| 09/02/2019 | 475,425.00 | | 475,425.00 | 418,750.00 | 56,675.00 | 52,904.58 |
| 09/02/2020 | 479,905.00 | | 479,905.00 | 424,500.00 | 55,405.00 | 50,409.38 |
| 09/02/2021 | 477,960.00 | | 477,960.00 | 419,875.00 | 58,085.00 | 51,483.51 |
| 09/02/2022 | 474,875.00 | | 474,875.00 | 415,125.00 | 59,750.00 | 51,596.61 |
| 09/02/2023 | 475,650.00 | | 475,650.00 | 420,250.00 | 55,400.00 | 46,616.03 |
| | 3,733,020.00 | 390,500.00 | 3,342,520.00 | 2,944,477.43 | 398,042.57 | 362,286.76 |

Savings Summary

| | |
|-------------------------------|-------------|
| PV of savings from cash flow | 362,286.76 |
| Less: Prior funds on hand | -266,571.00 |
| Plus: Refunding funds on hand | 79,950.00 |
| | 175,665.76 |
| Net PV Savings | 175,665.76 |

SAVINGS

City of Salinas
2000 AD 96-2 Acacia Park Refunding

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value to 07/27/2016 @ 2.4717632% |
|------------|--------------------|----------------|---------------------|------------------------|------------|--|
| 09/02/2016 | 43,750.00 | 43,750.00 | | | | |
| 09/02/2017 | 60,625.00 | | 60,625.00 | 45,072.50 | 15,552.50 | 15,227.07 |
| 09/02/2018 | 58,437.50 | | 58,437.50 | 38,235.00 | 20,202.50 | 19,277.24 |
| 09/02/2019 | 61,250.00 | | 61,250.00 | 42,425.00 | 18,825.00 | 17,524.97 |
| 09/02/2020 | 58,750.00 | | 58,750.00 | 41,480.00 | 17,270.00 | 15,684.90 |
| 09/02/2021 | 61,250.00 | | 61,250.00 | 45,535.00 | 15,715.00 | 13,923.82 |
| 09/02/2022 | 58,437.50 | | 58,437.50 | 39,455.00 | 18,982.50 | 16,389.68 |
| 09/02/2023 | 60,625.00 | | 60,625.00 | 43,510.00 | 17,115.00 | 14,413.56 |
| 09/02/2024 | 67,500.00 | | 67,500.00 | 47,430.00 | 20,070.00 | 16,475.40 |
| 09/02/2025 | 63,750.00 | | 63,750.00 | 46,215.00 | 17,535.00 | 14,035.76 |
| | 594,375.00 | 43,750.00 | 550,625.00 | 389,357.50 | 161,267.50 | 142,952.41 |

Savings Summary

| | |
|-------------------------------|------------|
| PV of savings from cash flow | 142,952.41 |
| Less: Prior funds on hand | -90,090.00 |
| Plus: Refunding funds on hand | 10,200.00 |
| | 63,062.41 |
| Net PV Savings | 63,062.41 |

SAVINGS

City of Salinas
2002 RADA Bella Vista Refunding

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value to 07/27/2016 @ 2.4717632% |
|------------|--------------------|----------------|---------------------|------------------------|------------|--|
| 09/02/2016 | 378,797.50 | 378,797.50 | | | | |
| 09/02/2017 | 422,185.00 | | 422,185.00 | 374,447.29 | 47,737.71 | 46,676.79 |
| 09/02/2018 | 425,735.00 | | 425,735.00 | 378,575.00 | 47,160.00 | 44,980.57 |
| 09/02/2019 | 427,975.00 | | 427,975.00 | 380,410.00 | 47,565.00 | 44,209.41 |
| 09/02/2020 | 209,060.00 | | 209,060.00 | 162,015.00 | 47,045.00 | 42,607.60 |
| 09/02/2021 | 204,750.00 | | 204,750.00 | 153,450.00 | 51,300.00 | 45,296.52 |
| | 2,068,502.50 | 378,797.50 | 1,689,705.00 | 1,448,897.29 | 240,807.71 | 223,770.88 |

Savings Summary

| | |
|-------------------------------|-------------|
| PV of savings from cash flow | 223,770.88 |
| Less: Prior funds on hand | -209,393.08 |
| Plus: Refunding funds on hand | 40,950.00 |
| | 55,327.80 |
| Net PV Savings | 55,327.80 |

SAVINGS

City of Salinas
2002 RADB Bella Vista Refunding

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value to 07/27/2016 @ 2.4717632% |
|------------|--------------------|----------------|---------------------|------------------------|------------|--|
| 09/02/2016 | 97,946.25 | 97,946.25 | | | | |
| 09/02/2017 | 106,175.00 | | 106,175.00 | 59,668.68 | 46,506.32 | 45,366.31 |
| 09/02/2018 | 101,372.50 | | 101,372.50 | 57,990.00 | 43,382.50 | 41,282.55 |
| 09/02/2019 | 106,485.00 | | 106,485.00 | 61,725.00 | 44,760.00 | 41,536.59 |
| 09/02/2020 | 50,927.50 | | 50,927.50 | 5,345.00 | 45,582.50 | 41,249.02 |
| 09/02/2021 | 53,250.00 | | 53,250.00 | 10,230.00 | 43,020.00 | 37,973.17 |
| | 516,156.25 | 97,946.25 | 418,210.00 | 194,958.68 | 223,251.32 | 207,407.63 |

Savings Summary

| | |
|-------------------------------|-------------|
| PV of savings from cash flow | 207,407.63 |
| Less: Prior funds on hand | -190,182.43 |
| Plus: Refunding funds on hand | 5,550.00 |
| | 22,775.20 |
| Net PV Savings | 22,775.20 |

COST OF ISSUANCE

City of Salinas
Reassessment District No. 2016 Limited Obligation Improvement Bonds
Private Placement - City National Bank
Updated 7-5-16

| Cost of Issuance | \$/1000 | Amount |
|------------------------------|----------|------------|
| Contingency | 1.21916 | 5,553.26 |
| Bond Counsel | 8.78156 | 40,000.00 |
| Placement Agent | 7.68386 | 35,000.00 |
| Assessment District Engineer | 5.48847 | 25,000.00 |
| Investor Fees | 3.29308 | 15,000.00 |
| City Administration Fee | 1.09769 | 5,000.00 |
| Trustee | 1.64654 | 7,500.00 |
| CDIAC | 0.15000 | 683.25 |
| | 29.36038 | 133,736.51 |

SUMMARY OF BONDS REFUNDED

City of Salinas
 Reassessment District No. 2016 Limited Obligation Improvement Bonds
 Private Placement - City National Bank
 Updated 7-5-16

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|--|------------------|------------------|---------------|--------------|---------------|
| 96-2 2000 Limited Obligation Improvement Bonds, 00LOIB: | | | | | |
| BOND02 | 09/02/2016 | 6.250% | 30,000.00 | | |
| | 09/02/2017 | 6.250% | 35,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2018 | 6.250% | 35,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2019 | 6.250% | 40,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2020 | 6.250% | 40,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2021 | 6.250% | 45,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2022 | 6.250% | 45,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2023 | 6.250% | 50,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2024 | 6.250% | 60,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2025 | 6.250% | 60,000.00 | 09/02/2016 | 100.000 |
| | | | 440,000.00 | | |
| Refunding Revenue Bonds, Series A Senior Lien Bonds, 02ADA: | | | | | |
| BOND | 09/02/2016 | 4.600% | 335,000.00 | | |
| | 09/02/2017 | 4.700% | 350,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2018 | 4.800% | 370,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2019 | 4.850% | 390,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2020 | 4.900% | 190,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2021 | 5.000% | 195,000.00 | 09/02/2016 | 100.000 |
| | | | 1,830,000.00 | | |
| Refunding Revenue Bonds, Series B Subordinate Lien Bonds, 02ADB: | | | | | |
| BOND | 09/02/2016 | 5.550% | 85,000.00 | | |
| | 09/02/2017 | 5.650% | 85,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2018 | 5.750% | 85,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2019 | 5.850% | 95,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2020 | 5.950% | 45,000.00 | 09/02/2016 | 100.000 |
| | 09/02/2021 | 6.500% | 50,000.00 | 09/02/2016 | 100.000 |
| | | | 445,000.00 | | |
| Series A-186 Limited Obligation Improvement Bonds, 98LOIB: | | | | | |
| BOND02 | 09/02/2023 | 5.700% | 305,000.00 | | |
| | 09/02/2023 | 5.700% | 2,695,000.00 | 09/02/2016 | 103.000 |
| | | | 3,000,000.00 | | |
| | | | 5,715,000.00 | | |

BOND PRICING

City of Salinas
Reassessment District No. 2016 Limited Obligation Improvement Bonds
Private Placement - City National Bank
Updated 7-5-16

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|---|---------------|------------------|--------|--------|---------|
| 1998 AD 98-1 Bella Vista III Refunding, Term Bond 2023: | | | | | |
| | 09/02/2017 | 350,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2018 | 365,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2019 | 370,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2020 | 385,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2021 | 390,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2022 | 395,000 | 2.500% | 2.500% | 100.000 |
| | 09/02/2023 | 410,000 | 2.500% | 2.500% | 100.000 |
| | | <u>2,665,000</u> | | | |
| 2000 AD 96-2 Acacia Park Refunding, Term Bond 2025: | | | | | |
| | 09/02/2017 | 35,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2018 | 30,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2019 | 35,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2020 | 35,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2021 | 40,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2022 | 35,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2023 | 40,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2024 | 45,000 | 2.700% | 2.700% | 100.000 |
| | 09/02/2025 | 45,000 | 2.700% | 2.700% | 100.000 |
| | | <u>340,000</u> | | | |
| 2002 RADA Bella Vista Refunding, Term Bond 2021: | | | | | |
| | 09/02/2017 | 340,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2018 | 355,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2019 | 365,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2020 | 155,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2021 | 150,000 | 2.300% | 2.300% | 100.000 |
| | | <u>1,365,000</u> | | | |
| 2002 RADB Bella Vista Refunding, Term Bond 2021: | | | | | |
| | 09/02/2017 | 55,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2018 | 55,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2019 | 60,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2020 | 5,000 | 2.300% | 2.300% | 100.000 |
| | 09/02/2021 | 10,000 | 2.300% | 2.300% | 100.000 |
| | | <u>185,000</u> | | | |
| | | <u>4,555,000</u> | | | |

BOND PRICING

City of Salinas
Reassessment District No. 2016 Limited Obligation Improvement Bonds
Private Placement - City National Bank
Updated 7-5-16

| | | |
|-------------------------|--------------|-------------|
| Dated Date | 07/27/2016 | |
| Delivery Date | 07/27/2016 | |
| First Coupon | 03/02/2017 | |
| Par Amount | 4,555,000.00 | |
| Original Issue Discount | | |
| Production | 4,555,000.00 | 100.000000% |
| Underwriter's Discount | | |
| Purchase Price | 4,555,000.00 | 100.000000% |
| Accrued Interest | | |
| Net Proceeds | 4,555,000.00 | |

DISCLOSURE

City of Salinas
Reassessment District No. 2016 Limited Obligation Improvement Bonds
Private Placement - City National Bank
Updated 7-5-16

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Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its' own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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