

SAVINGS MEMORANDUM

TO: Successor Agency to the Hercules Redevelopment Agency

FROM: Urban Futures, Inc.
Wing-See Fox, Managing Director

DATE: January 11, 2022

RE: Independent Municipal Advisor's Report: Debt Service Savings Analysis for the Successor Agency to the Hercules Redevelopment Agency 2022 Tax Allocation Refunding Bonds

Background

The Successor Agency to the Hercules Redevelopment Agency (the "Agency") is authorized under Section 34177.5 of the California Health and Safety Code to issue refunding tax allocation bonds and other indebtedness for economic savings within the parameters set forth in Section 34177.5(a)(1) of the California Health and Safety Code (the "Savings Parameters"). In addition, Section 34177.5(h) of the California Health and Safety Code provides, in relevant part, that the Agency "...shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request." Urban Futures, Inc., has been retained by the Agency to serve as its independent municipal advisor to determine compliance with the Savings Parameters for purposes of the incurrence by the Agency of its 2022 Tax Allocation Refunding Bonds (the "2022 Bonds").

The Agency will issue the 2022 Bonds to refund the following obligations of the former Redevelopment Agency: (i) Hercules Merged Project Area, Tax Allocation Bonds, Series 2005 (the "2005 Bonds"); (ii) Hercules Merged Project Area, Tax Allocation Bonds, 2007 Series A (the "2007A Bonds"); (iii) Hercules Merged Project Area, Housing Tax Allocation Bonds, 2007 Series A (Taxable) (the "Taxable 2007A Housing Bonds"); and (iv) the Hercules Merged Project Area, Housing Tax Allocation Bonds, 2007 Series B (the "2007B Housing Bonds") (collectively, the "Prior Obligations"). The Agency has selected Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to structure and negotiate the refunding of the Prior Obligations. The financing goal is to maximize economic savings by reducing total debt service, and the savings generated from this refunding are anticipated to result in higher future property tax distributions to the taxing entities. This report may be used in presentations to the Agency Board and Oversight Board, but actual savings will be final only after the pricing of the 2022 Bonds.

Plan of Refunding

Based on market conditions as of December 21, 2021, the Underwriter estimates the refunding of the Prior Obligations will achieve combined debt service savings of approximately \$25.1 million and Net Present Value savings of approximately \$17.8 million, or 19.6% of refunded par, as shown in Tables 2 and 3. The Underwriter's estimates include the following key assumptions: (i) all of the outstanding Prior Obligations are refunded, (ii) an underlying rating of "BBB" is assigned by S&P to the 2022 Bonds, (iii) a cash funded reserve fund, (iv) a public market negotiated sale of the 2022 Bonds, and (v) 2022 Bonds are structured to achieve proportional savings. The Successor Agency may select an alternative structure for the 2022 Bonds and other assumptions may be adjusted, which would change the refunding results.

Refunding Results

Table 1 below shows the estimated sources and uses for the 2022 Bonds.

| Table 1: Sources and Uses of Funds | | | | | |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| Sources: | 2005 Bonds | 2007A Bonds | Taxable 2007A Housing Bonds | 2007B Housing Bonds | Total |
| Par Amount | \$ 25,130,000 | \$ 40,185,000 | \$ 8,290,000 | \$ 5,305,000 | \$ 78,910,000 |
| Premium | 3,495,790 | 6,428,948 | | 719,917 | 10,644,655 |
| | <u>\$ 28,625,790</u> | <u>\$ 46,613,948</u> | <u>\$ 8,290,000</u> | <u>\$ 6,024,917</u> | <u>\$ 89,554,655</u> |
| Prior Bonds Available Funds | 3,312,642 | 4,271,602 | 1,110,292 | 1,253,497 | 9,948,033 |
| | <u>\$ 3,312,642</u> | <u>\$ 4,271,602</u> | <u>\$ 1,110,292</u> | <u>\$ 1,253,497</u> | <u>\$ 9,948,033</u> |
| Total Sources of Funds | <u>\$ 31,938,433</u> | <u>\$ 50,885,550</u> | <u>\$ 9,400,292</u> | <u>\$ 7,278,414</u> | <u>\$ 99,502,688</u> |
| Uses: | 2005 Bonds | 2007A Bonds | Taxable 2007A Housing Bonds | 2007B Housing Bonds | Total |
| Refunding Escrow Deposit | \$ 29,535,988 | \$ 47,046,461 | \$ 8,605,863 | \$ 6,770,696 | \$ 91,959,007 |
| Debt Service Reserve Fund | \$ 2,109,257 | \$ 3,372,880 | \$ 695,811 | \$ 445,269 | \$ 6,623,218 |
| Costs of Issuance | \$ 293,188 | \$ 466,209 | \$ 98,618 | \$ 62,449 | \$ 920,463 |
| Total Uses of Funds | <u>\$ 31,938,433</u> | <u>\$ 50,885,550</u> | <u>\$ 9,400,292</u> | <u>\$ 7,278,414</u> | <u>\$ 99,502,688</u> |

Tables 2 and 3 below show estimated Cash Flow and Net Present Value savings results assuming market conditions as of December 21, 2021. Additional information can be found in the attached Refunding Analysis.

| Table 2: Cash Flow Savings | | | | | |
|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 2005 Bonds | 2007A Bonds | Taxable 2007A Housing Bonds | 2007B Housing Bonds | Total |
| 8/1/2022 | \$ 621 | \$ 2,169 | \$ 1,487 | \$ 3,937 | \$ 8,215 |
| 8/1/2023 | 617,588 | 626,781 | 197,426 | 196,050 | 1,637,845 |
| 8/1/2024 | 619,650 | 618,119 | 193,574 | 198,925 | 1,630,268 |
| 8/1/2025 | 620,013 | 614,019 | 195,274 | 196,188 | 1,625,493 |
| 8/1/2026 | 618,625 | 609,231 | 196,657 | 198,088 | 1,622,601 |
| 8/1/2027 | 620,475 | 605,119 | 193,034 | 199,375 | 1,618,002 |
| 8/1/2028 | 620,300 | 595,719 | 193,887 | 200,050 | 1,609,956 |
| 8/1/2029 | 618,063 | 593,616 | 194,372 | 196,205 | 1,602,255 |
| 8/1/2030 | 618,738 | 585,954 | 194,338 | 197,010 | 1,596,039 |
| 8/1/2031 | 617,063 | 582,921 | 192,874 | 197,225 | 1,590,083 |
| 8/1/2032 | 618,013 | 574,306 | 194,875 | 195,550 | 1,582,744 |
| 8/1/2033 | 616,300 | 570,344 | 195,607 | 198,225 | 1,580,476 |
| 8/1/2034 | 156,888 | 1,006,519 | | | 1,163,406 |
| 8/1/2035 | 156,275 | 999,550 | | | 1,155,825 |
| 8/1/2036 | | 1,155,550 | | | 1,155,550 |
| 8/1/2037 | | 659,281 | | | 659,281 |
| 8/1/2038 | | 655,938 | | | 655,938 |
| 8/1/2039 | | 655,613 | | | 655,613 |
| 8/1/2040 | | 658,013 | | | 658,013 |
| 8/1/2041 | | 657,913 | | | 657,913 |
| 8/1/2042 | | 655,250 | | | 655,250 |
| | <u>\$ 7,118,608</u> | <u>\$ 13,681,923</u> | <u>\$ 2,143,403</u> | <u>\$ 2,176,827</u> | <u>\$ 25,120,762</u> |

| Table 3: Net PV Savings Summary | | | | | | |
|--|----------------|----------------|-----------------------------|---------------------|----------------|--|
| | 2005 Bonds | 2007A Bonds | Taxable 2007A Housing Bonds | 2007B Housing Bonds | Total | |
| PV of savings from cash flow | \$ 6,262,298 | \$ 11,013,526 | \$ 1,900,807 | \$ 1,925,403 | \$ 21,102,035 | |
| Less: Prior funds on hand ⁽¹⁾ | \$ (3,312,642) | \$ (4,271,602) | \$ (1,110,292) | \$ (1,253,497) | \$ (9,948,033) | |
| Plus: Refunding funds on hand ⁽²⁾ | \$ 2,110,469 | \$ 3,372,195 | \$ 698,111 | \$ 446,081 | \$ 6,626,856 | |
| Net PV Savings | \$ 5,060,125 | \$ 10,114,119 | \$ 1,488,626 | \$ 1,117,988 | \$ 17,780,858 | |
| Net PV Savings as % of Refunded Par | 17.38% | 21.80% | 17.61% | 16.75% | 19.61% | |

⁽¹⁾ Primarily consists of reserve account releases in connection with defeasance of Prior Obligations and RPTTF available funds

⁽²⁾ Debt service reserve for 2022 Bonds

Proposed Refunding Complies With State Law

Based on the 2022 Bonds' proposed structure and the estimated debt service savings according to numbers prepared by the Underwriter, Urban Futures, Inc., concludes that the 2022 Bonds comply with the Savings Parameters and other requirements of State Law as described below.

A. Total debt service (principal and interest) on the refunding bonds is less than total debt service on the refunded bonds (sec. 34177.5(a)(1)(A)): Section 34177.5(a)(1)(A) requires that the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded. Table 2 shows estimated total nominal debt service savings of approximately \$7.1 million for the 2005 Bonds, \$13.7 million for the 2007A Bonds, \$2.1 million for the Taxable 2007A Housing Bonds, and \$2.2 million for the 2007B Housing Bonds (\$25.1 million combined), calculated as (i) total debt service on the Prior Obligations, minus (ii) total debt service on the 2022 Bonds. Net Present Value savings are estimated to be approximately: \$5.1 million, or 17.38% of refunded par for the 2005 Bonds, \$10.1 million, or 21.80% of refunded par for the 2007A Bonds, \$1.5 million, or 17.61% of refunded par for the Taxable 2007A Housing Bonds, and \$1.1 million, or 16.75% of refunded par for the 2007B Housing Bonds. Combined, the Net Present Value savings are estimated to be \$17.8 million, or 19.61% of refunded par. The individual and combined Net Present Value savings satisfy the Savings Parameters in Section 34177.5(a)(1) and are well-above the 3% minimum threshold typically targeted by issuers.

B. Refunding bonds principal shall be used only for purposes of refunding outstanding Agency obligations (sec. 34177.5(a)(1)(B)): Section 34177.5(a)(1)(B) requires that the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. Table 1 shows the anticipated sources and uses of funds for the 2022 Bonds and confirms that all proceeds of the 2022 Bonds will be used only to defease the Prior Obligations, to establish a debt service reserve fund, and to pay related costs of issuance. Proceeds of the 2022 Bonds will not be used for any other purposes, including new-money purposes.

C. Agency shall make diligent efforts to ensure lowest long-term cost financing is obtained, to structure refunding that does not provide for any bullets or spikes or variable rates, and shall hire an independent financial advisor (sec. 34177.5(h)): Section 34177.5(h) requires the Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained and that the financing not provide for any bullets or spikes or use variable rates. The Agency has retained Urban Futures, Inc., an independent financial advisor registered with the SEC and MSRB, to monitor the pricing of the 2022 Bonds. In order to

achieve the lowest long-term cost of financing, the financing team will explore the use of bond insurance and a surety for the 2022 Bonds, and the Agency will request subordination of pass-through payments. In accordance with Section 34177.5(h), the 2022 Bonds will not be structured to include any bullet principal maturities, debt service spikes or variable rate debt.

Issuance of the 2022 Bonds by the Agency for the purpose of refunding the Prior Obligations is recommended to achieve debt service savings.

Appendix: Refunding Analysis

SOURCES AND USES OF FUNDS

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding 2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis 2007A Housing Bonds Refunded on a Taxable Basis

| | Dated Date | 05/03/2022 | | | |
|-------------------------------------|--|--|--|---|---------------|
| | Delivery Date | 05/03/2022 | | | |
| Sources: | Current Refunding of Tax Allocation Bonds, Series 2005 | Current Refunding of Tax Allocation Bonds, 2007 Series A | Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable) | Current Refunding of Housing Tax Allocation Bonds, 2007 Series B | Total |
| Bond Proceeds: | | | | | |
| Par Amount | 25,130,000.00 | 40,185,000.00 | 8,290,000.00 | 5,305,000.00 | 78,910,000.00 |
| Premium | 3,495,790.25 | 6,428,947.50 | | 719,917.05 | 10,644,654.80 |
| | 28,625,790.25 | 46,613,947.50 | 8,290,000.00 | 6,024,917.05 | 89,554,654.80 |
| Other Sources of Funds: | | | | | |
| Revenue Funds | 29.04 | | 3.97 | 2.20 | 35.21 |
| Reserve Funds | 2,812,917.05 | 3,813,348.03 | 955,982.73 | 1,082,585.82 | 8,664,833.63 |
| RPTTF Funds on Hand | 499,696.33 | 455,548.57 | 154,305.18 | 118,796.92 | 1,228,347.00 |
| 2007A Project Reimbursement Account | | 2,705.69 | | | 2,705.69 |
| 2007B Housing Project Fund | | | | 52,111.57 | 52,111.57 |
| | 3,312,642.42 | 4,271,602.29 | 1,110,291.88 | 1,253,496.51 | 9,948,033.10 |
| | 31,938,432.67 | 50,885,549.79 | 9,400,291.88 | 7,278,413.56 | 99,502,687.90 |
| Uses: | Current Refunding of Tax Allocation Bonds, Series 2005 | Current Refunding of Tax Allocation Bonds, 2007 Series A | Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable) | Current Refunding of Housing Tax Allocation Bonds, 2007 Series B | Total |
| Refunding Escrow Deposits: | | | | | |
| Cash Deposit | 29,535,988.02 | 47,046,460.68 | 8,605,862.76 | 6,770,695.83 | 91,959,007.29 |
| Other Fund Deposits: | | | | | |
| Debt Service Reserve Fund | 2,109,256.82 | 3,372,880.44 | 695,811.34 | 445,268.90 | 6,623,217.50 |
| Delivery Date Expenses: | | | | | |
| Cost of Issuance | 103,500.82 | 165,506.59 | 34,143.33 | 21,849.26 | 325,000.00 |
| Underwriter's Discount | 188,475.00 | 301,387.50 | 62,175.00 | 39,787.50 | 591,825.00 |
| | 291,975.82 | 466,894.09 | 96,318.33 | 61,636.76 | 916,825.00 |
| Other Uses of Funds: | | | | | |
| Contingency | 1,212.01 | (685.42) | 2,299.45 | 812.07 | 3,638.11 |
| | 31,938,432.67 | 50,885,549.79 | 9,400,291.88 | 7,278,413.56 | 99,502,687.90 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.
6. Fund balances from BNY Mellon as of December 15th

BOND SUMMARY STATISTICS**Successor Agency to the Redevelopment Agency of the City of Hercules
Tax Allocation Refunding Bonds, Series 2021**

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| | |
|---------------|------------|
| Dated Date | 05/03/2022 |
| Delivery Date | 05/03/2022 |
| First Coupon | 08/01/2022 |
| Last Maturity | 08/01/2042 |

| | |
|--------------------------|-----------|
| Arbitrage Yield | 2.040037% |
| True Interest Cost (TIC) | 2.546142% |
| Net Interest Cost (NIC) | 2.792160% |
| All-In TIC | 2.593742% |
| Average Coupon | 4.166194% |

| | |
|----------------------|-------|
| Average Life (years) | 9.272 |
|----------------------|-------|

| | |
|-----------------------------|----------------|
| Par Amount | 78,910,000.00 |
| Bond Proceeds | 89,554,654.80 |
| Total Interest | 30,481,088.34 |
| Net Interest | 20,428,258.54 |
| Total Debt Service | 109,391,088.34 |
| Maximum Annual Debt Service | 6,623,217.50 |
| Average Annual Debt Service | 5,403,511.50 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding 2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis 2007A Housing Bonds Refunded on a Taxable Basis

| | Current Refunding of Tax Allocation Bonds, Series 2005 | Current Refunding of Tax Allocation Bonds, 2007 Series A | Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable) | Current Refunding of Housing Tax Allocation Bonds, 2007 Series B | Total |
|--------------------------------------|--|--|--|---|----------------|
| Dated Date | 05/03/2022 | 05/03/2022 | 05/03/2022 | 05/03/2022 | 05/03/2022 |
| Delivery Date | 05/03/2022 | 05/03/2022 | 05/03/2022 | 05/03/2022 | 05/03/2022 |
| Arbitrage Yield | 2.040037% | 2.040037% | 2.991593% | 2.040037% | 2.040037% |
| Escrow Yield | | | | | |
| Value of Negative Arbitrage | | | | | |
| Bond Par Amount | 25,130,000.00 | 40,185,000.00 | 8,290,000.00 | 5,305,000.00 | 78,910,000.00 |
| True Interest Cost | 2.002946% | 2.721114% | 3.133599% | 1.942170% | 2.546142% |
| Net Interest Cost | 2.193185% | 2.997863% | 3.136617% | 2.123052% | 2.792160% |
| Average Coupon | 4.250000% | 4.250000% | 3.010976% | 4.250000% | 4.166194% |
| Average Life | 6.399 | 12.178 | 5.969 | 6.028 | 9.272 |
| Par amount of refunded bonds | 29,115,000.00 | 46,405,000.00 | 8,455,000.00 | 6,675,000.00 | 90,650,000.00 |
| Average coupon of refunded bonds | 4.955243% | 4.737876% | 6.124720% | 4.937531% | 4.881961% |
| Average life of refunded bonds | 6.653 | 12.598 | 6.443 | 6.317 | 9.652 |
| PV of prior debt | 34,639,841.68 | 60,491,867.03 | 10,626,137.65 | 7,879,086.93 | 113,636,933.29 |
| Net PV Savings | 5,060,124.74 | 10,114,119.07 | 1,488,626.31 | 1,117,987.88 | 17,780,858.00 |
| Percentage savings of refunded bonds | 17.379786% | 21.795322% | 17.606461% | 16.748882% | 19.614846% |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

BOND PRICING

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price |
|--------------------------|---------------|------------|--------|--------|-----------|-------------------|------------|------------|
| Taxable Serial Bonds: | | | | | | | | |
| | 08/01/2022 | 705,000 | 1.200% | 1.200% | 100.000 | | | |
| | 08/01/2023 | 615,000 | 1.400% | 1.400% | 100.000 | | | |
| | 08/01/2024 | 625,000 | 1.760% | 1.760% | 100.000 | | | |
| | 08/01/2025 | 635,000 | 2.020% | 2.020% | 100.000 | | | |
| | 08/01/2026 | 645,000 | 2.320% | 2.320% | 100.000 | | | |
| | 08/01/2027 | 665,000 | 2.540% | 2.540% | 100.000 | | | |
| | 08/01/2028 | 680,000 | 2.790% | 2.790% | 100.000 | | | |
| | 08/01/2029 | 700,000 | 3.030% | 3.030% | 100.000 | | | |
| | 08/01/2030 | 720,000 | 3.130% | 3.130% | 100.000 | | | |
| | 08/01/2031 | 745,000 | 3.230% | 3.230% | 100.000 | | | |
| | 08/01/2032 | 765,000 | 3.380% | 3.380% | 100.000 | | | |
| | 08/01/2033 | 790,000 | 3.530% | 3.530% | 100.000 | | | |
| | | 8,290,000 | | | | | | |
| Tax-Exempt Serial Bonds: | | | | | | | | |
| | 08/01/2022 | 4,540,000 | 4.250% | 0.620% | 100.884 | | | |
| | 08/01/2023 | 2,995,000 | 4.250% | 0.820% | 104.237 | | | |
| | 08/01/2024 | 3,100,000 | 4.250% | 1.030% | 107.124 | | | |
| | 08/01/2025 | 3,210,000 | 4.250% | 1.130% | 109.910 | | | |
| | 08/01/2026 | 3,320,000 | 4.250% | 1.300% | 112.141 | | | |
| | 08/01/2027 | 3,435,000 | 4.250% | 1.480% | 113.926 | | | |
| | 08/01/2028 | 3,560,000 | 4.250% | 1.630% | 115.493 | | | |
| | 08/01/2029 | 3,685,000 | 4.250% | 1.770% | 116.790 | | | |
| | 08/01/2030 | 3,820,000 | 4.250% | 1.830% | 118.438 | | | |
| | 08/01/2031 | 3,955,000 | 4.250% | 1.920% | 119.647 | | | |
| | 08/01/2032 | 4,095,000 | 4.250% | 2.050% | 120.232 | | | |
| | 08/01/2033 | 4,240,000 | 4.250% | 2.120% | 119.518 C | 2.273% | 08/01/2032 | 100.000 |
| | 08/01/2034 | 3,855,000 | 4.250% | 2.190% | 118.809 C | 2.461% | 08/01/2032 | 100.000 |
| | 08/01/2035 | 3,990,000 | 4.250% | 2.220% | 118.506 C | 2.590% | 08/01/2032 | 100.000 |
| | 08/01/2036 | 4,160,000 | 4.250% | 2.240% | 118.305 C | 2.694% | 08/01/2032 | 100.000 |
| | 08/01/2037 | 2,195,000 | 4.250% | 2.270% | 118.004 C | 2.792% | 08/01/2032 | 100.000 |
| | 08/01/2038 | 2,290,000 | 4.250% | 2.300% | 117.704 C | 2.878% | 08/01/2032 | 100.000 |
| | 08/01/2039 | 2,390,000 | 4.250% | 2.330% | 117.405 C | 2.954% | 08/01/2032 | 100.000 |
| | 08/01/2040 | 2,485,000 | 4.250% | 2.360% | 117.107 C | 3.023% | 08/01/2032 | 100.000 |
| | 08/01/2041 | 2,595,000 | 4.250% | 2.390% | 116.809 C | 3.085% | 08/01/2032 | 100.000 |
| | 08/01/2042 | 2,705,000 | 4.250% | 2.420% | 116.513 C | 3.141% | 08/01/2032 | 100.000 |
| | | 70,620,000 | | | | | | |
| | | 78,910,000 | | | | | | |

| | | |
|------------------------|---------------|-------------|
| Dated Date | 05/03/2022 | |
| Delivery Date | 05/03/2022 | |
| First Coupon | 08/01/2022 | |
| Par Amount | 78,910,000.00 | |
| Premium | 10,644,654.80 | |
| Production | 89,554,654.80 | 113.489614% |
| Underwriter's Discount | (591,825.00) | (0.750000%) |
| Purchase Price | 88,962,829.80 | 112.739614% |
| Accrued Interest | | |
| Net Proceeds | 88,962,829.80 | |

BOND PRICING

**Successor Agency to the Redevelopment Agency of the City of Hercules
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SAVINGS

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 05/03/2022 @ 2.0400372% |
|------------|-----------------------|---------------------------|---------------|--|
| 08/01/2022 | 6,039,012.51 | 6,030,797.84 | 8,214.67 | 8,174.01 |
| 08/01/2023 | 8,261,062.52 | 6,623,217.50 | 1,637,845.02 | 1,603,373.01 |
| 08/01/2024 | 8,232,587.52 | 6,602,320.00 | 1,630,267.52 | 1,563,587.99 |
| 08/01/2025 | 8,205,062.52 | 6,579,570.00 | 1,625,492.52 | 1,527,367.84 |
| 08/01/2026 | 8,172,918.76 | 6,550,318.00 | 1,622,600.76 | 1,493,685.17 |
| 08/01/2027 | 8,147,256.26 | 6,529,254.00 | 1,618,002.26 | 1,459,220.13 |
| 08/01/2028 | 8,116,331.26 | 6,506,375.50 | 1,609,955.76 | 1,422,484.01 |
| 08/01/2029 | 8,083,358.76 | 6,481,103.50 | 1,602,255.26 | 1,386,913.23 |
| 08/01/2030 | 8,054,320.02 | 6,458,281.00 | 1,596,039.02 | 1,353,437.98 |
| 08/01/2031 | 8,023,477.52 | 6,433,395.00 | 1,590,082.52 | 1,320,943.29 |
| 08/01/2032 | 7,983,987.52 | 6,401,244.00 | 1,582,743.52 | 1,288,058.61 |
| 08/01/2033 | 7,951,825.02 | 6,371,349.50 | 1,580,475.52 | 1,259,978.33 |
| 08/01/2034 | 6,151,668.76 | 4,988,262.50 | 1,163,406.26 | 908,963.25 |
| 08/01/2035 | 6,115,250.00 | 4,959,425.00 | 1,155,825.00 | 884,700.82 |
| 08/01/2036 | 6,115,400.00 | 4,959,850.00 | 1,155,550.00 | 866,507.95 |
| 08/01/2037 | 3,477,331.26 | 2,818,050.00 | 659,281.26 | 484,688.01 |
| 08/01/2038 | 3,475,700.00 | 2,819,762.50 | 655,937.50 | 472,440.90 |
| 08/01/2039 | 3,478,050.00 | 2,822,437.50 | 655,612.50 | 462,592.43 |
| 08/01/2040 | 3,473,875.00 | 2,815,862.50 | 658,012.50 | 454,822.66 |
| 08/01/2041 | 3,478,162.50 | 2,820,250.00 | 657,912.50 | 445,478.12 |
| 08/01/2042 | 3,475,212.50 | 2,819,962.50 | 655,250.00 | 434,617.74 |
| | 134,511,850.21 | 109,391,088.34 | 25,120,761.87 | 21,102,035.49 |

Savings Summary

| | |
|-------------------------------|----------------|
| PV of savings from cash flow | 21,102,035.49 |
| Less: Prior funds on hand | (9,948,033.10) |
| Plus: Refunding funds on hand | 6,626,855.61 |
| Net PV Savings | 17,780,858.00 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SAVINGS

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Tax Allocation Bonds, Series 2005
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 05/03/2022 @ 2.0400372% |
|------------|-----------------------|---------------------------|--------------|--|
| 08/01/2022 | 2,456,693.75 | 2,456,072.78 | 620.97 | 617.90 |
| 08/01/2023 | 3,182,325.00 | 2,564,737.50 | 617,587.50 | 604,086.07 |
| 08/01/2024 | 3,181,812.50 | 2,562,162.50 | 619,650.00 | 593,807.39 |
| 08/01/2025 | 3,181,837.50 | 2,561,825.00 | 620,012.50 | 582,098.11 |
| 08/01/2026 | 3,182,137.50 | 2,563,512.50 | 618,625.00 | 569,005.90 |
| 08/01/2027 | 3,182,487.50 | 2,562,012.50 | 620,475.00 | 559,107.31 |
| 08/01/2028 | 3,182,625.00 | 2,562,325.00 | 620,300.00 | 547,583.74 |
| 08/01/2029 | 3,182,300.00 | 2,564,237.50 | 618,062.50 | 534,507.98 |
| 08/01/2030 | 3,181,275.00 | 2,562,537.50 | 618,737.50 | 524,191.32 |
| 08/01/2031 | 3,179,287.50 | 2,562,225.00 | 617,062.50 | 512,115.56 |
| 08/01/2032 | 3,181,100.00 | 2,563,087.50 | 618,012.50 | 502,435.79 |
| 08/01/2033 | 3,181,212.50 | 2,564,912.50 | 616,300.00 | 490,808.26 |
| 08/01/2034 | 814,375.00 | 657,487.50 | 156,887.50 | 122,451.42 |
| 08/01/2035 | 813,050.00 | 656,775.00 | 156,275.00 | 119,481.59 |
| | 39,082,518.75 | 31,963,910.28 | 7,118,608.47 | 6,262,298.33 |

Savings Summary

| | |
|-------------------------------|----------------|
| PV of savings from cash flow | 6,262,298.33 |
| Less: Prior funds on hand | (3,312,642.42) |
| Plus: Refunding funds on hand | 2,110,468.83 |
| Net PV Savings | 5,060,124.74 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SAVINGS

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Tax Allocation Bonds, 2007 Series A
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 05/03/2022 @ 2.0400372% |
|------------|-----------------------|---------------------------|---------------|--|
| 08/01/2022 | 2,239,646.88 | 2,237,477.50 | 2,169.38 | 2,158.64 |
| 08/01/2023 | 3,312,293.76 | 2,685,512.50 | 626,781.26 | 613,692.99 |
| 08/01/2024 | 3,283,793.76 | 2,665,675.00 | 618,118.76 | 593,019.10 |
| 08/01/2025 | 3,258,793.76 | 2,644,775.00 | 614,018.76 | 577,197.87 |
| 08/01/2026 | 3,227,043.76 | 2,617,812.50 | 609,231.26 | 561,139.04 |
| 08/01/2027 | 3,200,118.76 | 2,595,000.00 | 605,118.76 | 546,125.38 |
| 08/01/2028 | 3,166,843.76 | 2,571,125.00 | 595,718.76 | 526,829.14 |
| 08/01/2029 | 3,134,803.76 | 2,541,187.50 | 593,616.26 | 514,375.58 |
| 08/01/2030 | 3,106,353.76 | 2,520,400.00 | 585,953.76 | 497,504.08 |
| 08/01/2031 | 3,076,258.76 | 2,493,337.50 | 582,921.26 | 484,939.22 |
| 08/01/2032 | 3,039,518.76 | 2,465,212.50 | 574,306.26 | 468,141.57 |
| 08/01/2033 | 3,006,368.76 | 2,436,025.00 | 570,343.76 | 455,524.87 |
| 08/01/2034 | 5,337,293.76 | 4,330,775.00 | 1,006,518.76 | 786,511.83 |
| 08/01/2035 | 5,302,200.00 | 4,302,650.00 | 999,550.00 | 765,219.23 |
| 08/01/2036 | 6,115,400.00 | 4,959,850.00 | 1,155,550.00 | 866,507.95 |
| 08/01/2037 | 3,477,331.26 | 2,818,050.00 | 659,281.26 | 484,688.01 |
| 08/01/2038 | 3,475,700.00 | 2,819,762.50 | 655,937.50 | 472,440.90 |
| 08/01/2039 | 3,478,050.00 | 2,822,437.50 | 655,612.50 | 462,592.43 |
| 08/01/2040 | 3,473,875.00 | 2,815,862.50 | 658,012.50 | 454,822.66 |
| 08/01/2041 | 3,478,162.50 | 2,820,250.00 | 657,912.50 | 445,478.12 |
| 08/01/2042 | 3,475,212.50 | 2,819,962.50 | 655,250.00 | 434,617.74 |
| | 74,665,063.26 | 60,983,140.00 | 13,681,923.26 | 11,013,526.34 |

Savings Summary

| | |
|-------------------------------|----------------|
| PV of savings from cash flow | 11,013,526.34 |
| Less: Prior funds on hand | (4,271,602.29) |
| Plus: Refunding funds on hand | 3,372,195.02 |
| Net PV Savings | 10,114,119.07 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SAVINGS

**Successor Agency to the Redevelopment Agency of the City of Hercules
Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable)
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 05/03/2022 @ 2.0400372% |
|------------|-----------------------|---------------------------|--------------|--|
| 08/01/2022 | 758,621.88 | 757,134.50 | 1,487.38 | 1,480.02 |
| 08/01/2023 | 1,017,243.76 | 819,817.50 | 197,426.26 | 193,906.49 |
| 08/01/2024 | 1,014,781.26 | 821,207.50 | 193,573.76 | 186,213.27 |
| 08/01/2025 | 1,015,481.26 | 820,207.50 | 195,273.76 | 183,952.19 |
| 08/01/2026 | 1,014,037.50 | 817,380.50 | 196,657.00 | 181,414.70 |
| 08/01/2027 | 1,015,450.00 | 822,416.50 | 193,033.50 | 174,403.71 |
| 08/01/2028 | 1,014,412.50 | 820,525.50 | 193,887.00 | 171,542.93 |
| 08/01/2029 | 1,015,925.00 | 821,553.50 | 194,371.50 | 168,406.53 |
| 08/01/2030 | 1,014,681.26 | 820,343.50 | 194,337.76 | 164,886.29 |
| 08/01/2031 | 1,015,681.26 | 822,807.50 | 192,873.76 | 160,247.91 |
| 08/01/2032 | 1,013,618.76 | 818,744.00 | 194,874.76 | 158,537.48 |
| 08/01/2033 | 1,013,493.76 | 817,887.00 | 195,606.76 | 155,815.90 |
| | 11,923,428.20 | 9,780,025.00 | 2,143,403.20 | 1,900,807.40 |

Savings Summary

| | |
|-------------------------------|----------------|
| PV of savings from cash flow | 1,900,807.40 |
| Less: Prior funds on hand | (1,110,291.88) |
| Plus: Refunding funds on hand | 698,110.79 |
| Net PV Savings | 1,488,626.31 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SAVINGS

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Housing Tax Allocation Bonds, 2007 Series B
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 05/03/2022 @ 2.0400372% |
|------------|-----------------------|---------------------------|--------------|--|
| 08/01/2022 | 584,050.00 | 580,113.06 | 3,936.94 | 3,917.46 |
| 08/01/2023 | 749,200.00 | 553,150.00 | 196,050.00 | 191,687.46 |
| 08/01/2024 | 752,200.00 | 553,275.00 | 198,925.00 | 190,548.24 |
| 08/01/2025 | 748,950.00 | 552,762.50 | 196,187.50 | 184,119.67 |
| 08/01/2026 | 749,700.00 | 551,612.50 | 198,087.50 | 182,125.53 |
| 08/01/2027 | 749,200.00 | 549,825.00 | 199,375.00 | 179,583.73 |
| 08/01/2028 | 752,450.00 | 552,400.00 | 200,050.00 | 176,528.21 |
| 08/01/2029 | 750,330.00 | 554,125.00 | 196,205.00 | 169,623.15 |
| 08/01/2030 | 752,010.00 | 555,000.00 | 197,010.00 | 166,856.30 |
| 08/01/2031 | 752,250.00 | 555,025.00 | 197,225.00 | 163,640.60 |
| 08/01/2032 | 749,750.00 | 554,200.00 | 195,550.00 | 158,943.76 |
| 08/01/2033 | 750,750.00 | 552,525.00 | 198,225.00 | 157,829.31 |
| | 8,840,840.00 | 6,664,013.06 | 2,176,826.94 | 1,925,403.42 |

Savings Summary

| | |
|-------------------------------|----------------|
| PV of savings from cash flow | 1,925,403.42 |
| Less: Prior funds on hand | (1,253,496.51) |
| Plus: Refunding funds on hand | 446,080.97 |
| Net PV Savings | 1,117,987.88 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

BOND DEBT SERVICE**Successor Agency to the Redevelopment Agency of the City of Hercules
Tax Allocation Refunding Bonds, Series 2021**

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Period Ending | Principal | Interest | Debt Service |
|------------------|------------|---------------|----------------|
| 08/01/2022 | 5,245,000 | 785,797.84 | 6,030,797.84 |
| 08/01/2023 | 3,610,000 | 3,013,217.50 | 6,623,217.50 |
| 08/01/2024 | 3,725,000 | 2,877,320.00 | 6,602,320.00 |
| 08/01/2025 | 3,845,000 | 2,734,570.00 | 6,579,570.00 |
| 08/01/2026 | 3,965,000 | 2,585,318.00 | 6,550,318.00 |
| 08/01/2027 | 4,100,000 | 2,429,254.00 | 6,529,254.00 |
| 08/01/2028 | 4,240,000 | 2,266,375.50 | 6,506,375.50 |
| 08/01/2029 | 4,385,000 | 2,096,103.50 | 6,481,103.50 |
| 08/01/2030 | 4,540,000 | 1,918,281.00 | 6,458,281.00 |
| 08/01/2031 | 4,700,000 | 1,733,395.00 | 6,433,395.00 |
| 08/01/2032 | 4,860,000 | 1,541,244.00 | 6,401,244.00 |
| 08/01/2033 | 5,030,000 | 1,341,349.50 | 6,371,349.50 |
| 08/01/2034 | 3,855,000 | 1,133,262.50 | 4,988,262.50 |
| 08/01/2035 | 3,990,000 | 969,425.00 | 4,959,425.00 |
| 08/01/2036 | 4,160,000 | 799,850.00 | 4,959,850.00 |
| 08/01/2037 | 2,195,000 | 623,050.00 | 2,818,050.00 |
| 08/01/2038 | 2,290,000 | 529,762.50 | 2,819,762.50 |
| 08/01/2039 | 2,390,000 | 432,437.50 | 2,822,437.50 |
| 08/01/2040 | 2,485,000 | 330,862.50 | 2,815,862.50 |
| 08/01/2041 | 2,595,000 | 225,250.00 | 2,820,250.00 |
| 08/01/2042 | 2,705,000 | 114,962.50 | 2,819,962.50 |
| | 78,910,000 | 30,481,088.34 | 109,391,088.34 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

AGGREGATE DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding 2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis 2007A Housing Bonds Refunded on a Taxable Basis

| Period Ending | Current Refunding of Tax Allocation Bonds, Series 2005 | Current Refunding of Tax Allocation Bonds, 2007 Series A | Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable) | Current Refunding of Housing Tax Allocation Bonds, 2007 Series B | Catellus Payments | Housing Bridge Loan | Aggregate Debt Service |
|------------------|--|--|--|---|----------------------|------------------------|---------------------------|
| 08/01/2022 | 2,456,072.78 | 2,237,477.50 | 757,134.50 | 580,113.06 | 2,000,000 | 130,000 | 8,160,797.84 |
| 08/01/2023 | 2,564,737.50 | 2,685,512.50 | 819,817.50 | 553,150.00 | 2,000,000 | 130,000 | 8,753,217.50 |
| 08/01/2024 | 2,562,162.50 | 2,665,675.00 | 821,207.50 | 553,275.00 | 2,000,000 | 130,000 | 8,732,320.00 |
| 08/01/2025 | 2,561,825.00 | 2,644,775.00 | 820,207.50 | 552,762.50 | 1,333,333 | | 7,912,903.00 |
| 08/01/2026 | 2,563,512.50 | 2,617,812.50 | 817,380.50 | 551,612.50 | 1,333,333 | | 7,883,651.00 |
| 08/01/2027 | 2,562,012.50 | 2,595,000.00 | 822,416.50 | 549,825.00 | 1,333,333 | | 7,862,587.00 |
| 08/01/2028 | 2,562,325.00 | 2,571,125.00 | 820,525.50 | 552,400.00 | 1,333,333 | | 7,839,708.50 |
| 08/01/2029 | 2,564,237.50 | 2,541,187.50 | 821,553.50 | 554,125.00 | 1,333,333 | | 7,814,436.50 |
| 08/01/2030 | 2,562,537.50 | 2,520,400.00 | 820,343.50 | 555,000.00 | 1,333,333 | | 7,791,614.00 |
| 08/01/2031 | 2,562,225.00 | 2,493,337.50 | 822,807.50 | 555,025.00 | 1,333,333 | | 7,766,728.00 |
| 08/01/2032 | 2,563,087.50 | 2,465,212.50 | 818,744.00 | 554,200.00 | 1,333,333 | | 7,734,577.00 |
| 08/01/2033 | 2,564,912.50 | 2,436,025.00 | 817,887.00 | 552,525.00 | 1,333,333 | | 7,704,682.50 |
| 08/01/2034 | 657,487.50 | 4,330,775.00 | | | 1,333,333 | | 6,321,595.50 |
| 08/01/2035 | 656,775.00 | 4,302,650.00 | | | 1,333,333 | | 6,292,758.00 |
| 08/01/2036 | | 4,959,850.00 | | | 1,333,333 | | 6,293,183.00 |
| 08/01/2037 | | 2,818,050.00 | | | 1,333,333 | | 4,151,383.00 |
| 08/01/2038 | | 2,819,762.50 | | | 1,333,333 | | 4,153,095.50 |
| 08/01/2039 | | 2,822,437.50 | | | 1,333,333 | | 4,155,770.50 |
| 08/01/2040 | | 2,815,862.50 | | | 1,333,333 | | 4,149,195.50 |
| 08/01/2041 | | 2,820,250.00 | | | 1,333,333 | | 4,153,583.00 |
| 08/01/2042 | | 2,819,962.50 | | | 1,333,333 | | 4,153,295.50 |
| | 31,963,910.28 | 60,983,140.00 | 9,780,025.00 | 6,664,013.06 | 29,999,994 | 390,000 | 139,781,082.34 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

ESCROW REQUIREMENTS**Successor Agency to the Redevelopment Agency of the City of Hercules
Tax Allocation Refunding Bonds, Series 2021**

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|--------------|-----------------------|---------------|
| 05/16/2022 | 1,309,007.29 | 90,650,000.00 | 91,959,007.29 |
| | 1,309,007.29 | 90,650,000.00 | 91,959,007.29 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

ESCROW COST**Successor Agency to the Redevelopment Agency of the City of Hercules
Tax Allocation Refunding Bonds, Series 2021**

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost |
|------------------|-----------------------|-----------------|----------------------|
| 05/03/2022 | | 91,959,007.29 | 91,959,007.29 |
| | 0 | 91,959,007.29 | 91,959,007.29 |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

ESCROW SUFFICIENCY

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis

| Date | Escrow Requirement | Net Escrow Receipts | Excess Receipts | Excess Balance |
|------------|-----------------------|------------------------|--------------------|-------------------|
| 05/03/2022 | | 91,959,007.29 | 91,959,007.29 | 91,959,007.29 |
| 05/16/2022 | 91,959,007.29 | | (91,959,007.29) | |
| | 91,959,007.29 | 91,959,007.29 | 0.00 | |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SUMMARY OF BONDS REFUNDED

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Tax Allocation Bonds, Series 2005
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

PRI - Prior Debt

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|------------------|------------------|---------------|--------------|---------------|
| Tax Allocation Bonds, Series 2005, 2005A, TERM25: | 08/01/2025 | 5.000% | 6,285,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, Series 2005, 2005A, TERM29: | 08/01/2029 | 5.000% | 7,635,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, Series 2005, 2005A, TERM35: | 08/01/2035 | 5.000% | 10,250,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, Series 2005, 2005A, T_ESCROW: | 08/01/2035 | 4.750% | 4,945,000.00 | 05/16/2022 | 100.000 |
| | | | 29,115,000.00 | | |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SUMMARY OF BONDS REFUNDED

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Tax Allocation Bonds, 2007 Series A
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

PRI - Prior Debt

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|--|---------------|---------------|---------------|------------|------------|
| Tax Allocation Bonds, 2007 Series A, 2007A, SERIALS: | | | | | |
| | 08/01/2022 | 5.000% | 1,140,000.00 | 05/16/2022 | 100.000 |
| | 08/01/2023 | 5.000% | 1,170,000.00 | 05/16/2022 | 100.000 |
| | 08/01/2024 | 5.000% | 1,200,000.00 | 05/16/2022 | 100.000 |
| | 08/01/2025 | 5.000% | 1,235,000.00 | 05/16/2022 | 100.000 |
| | 08/01/2026 | 4.500% | 1,265,000.00 | 05/16/2022 | 100.000 |
| | 08/01/2027 | 4.500% | 1,295,000.00 | 05/16/2022 | 100.000 |
| | | | 7,305,000.00 | | |
| Tax Allocation Bonds, 2007 Series A, 2007A, TERM32: | | | | | |
| | 08/01/2032 | 4.700% | 6,925,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, 2007 Series A, 2007A, TERM37A: | | | | | |
| | 08/01/2037 | 4.625% | 16,555,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, 2007 Series A, 2007A, TERM37B: | | | | | |
| | 08/01/2037 | 5.000% | 500,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, 2007 Series A, 2007A, TERM42A: | | | | | |
| | 08/01/2042 | 4.750% | 10,120,000.00 | 05/16/2022 | 100.000 |
| Tax Allocation Bonds, 2007 Series A, 2007A, TERM42B: | | | | | |
| | 08/01/2042 | 5.000% | 5,000,000.00 | 05/16/2022 | 100.000 |
| | | | 46,405,000.00 | | |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SUMMARY OF BONDS REFUNDED

**Successor Agency to the Redevelopment Agency of the City of Hercules
Taxable Refunding of Housing Tax Allocation Bonds, 2007 Series A (Taxable)
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

PRI - Prior Debt

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|------------------|------------------|---------------|--------------|---------------|
| Housing Tax Allocation Bonds, 2007 Series A (Taxable), 2007HTX, TERM22: | | | | | |
| | 08/01/2022 | 6.000% | 500,000.00 | 05/16/2022 | 100.000 |
| Housing Tax Allocation Bonds, 2007 Series A (Taxable), 2007HTX, TERM33: | | | | | |
| | 08/01/2033 | 6.125% | 7,955,000.00 | 05/16/2022 | 100.000 |
| | | | 8,455,000.00 | | |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

SUMMARY OF BONDS REFUNDED

**Successor Agency to the Redevelopment Agency of the City of Hercules
Current Refunding of Housing Tax Allocation Bonds, 2007 Series B
Tax Allocation Refunding Bonds, Series 2021**

**Market Conditions as of December 21, 2021 plus 25bps
Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding
2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis
2007A Housing Bonds Refunded on a Taxable Basis**

PRI - Prior Debt

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|------------------|------------------|---------------|--------------|---------------|
| Housing Tax Allocation Bonds, 2007 Series B, 2007B, SERIAL: | | | | | |
| | 08/01/2022 | 4.500% | 420,000.00 | 05/16/2022 | 100.000 |
| Housing Tax Allocation Bonds, 2007 Series B, 2007B, TERM27: | | | | | |
| | 08/01/2027 | 5.000% | 2,435,000.00 | 05/16/2022 | 100.000 |
| Housing Tax Allocation Bonds, 2007 Series B, 2007B, TERM30: | | | | | |
| | 08/01/2030 | 4.800% | 1,775,000.00 | 05/16/2022 | 100.000 |
| Housing Tax Allocation Bonds, 2007 Series B, 2007B, TERM33: | | | | | |
| | 08/01/2033 | 5.000% | 2,045,000.00 | 05/16/2022 | 100.000 |
| | | | 6,675,000.00 | | |

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.

UNDERWRITER EXCLUSION DISCLOSURE

Successor Agency to the Redevelopment Agency of the City of Hercules Tax Allocation Refunding Bonds, Series 2021

Market Conditions as of December 21, 2021 plus 25bps Assumes 'BBB' Underlying S&P Rating, DSRF, and Proportional Refunding 2005A, 2007A, & 2007B Housing Bonds Refunded on a Tax-Exempt Basis 2007A Housing Bonds Refunded on a Taxable Basis

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer 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.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and / or counsel as you deem appropriate.

Notes:

1. Preliminary and subject to change. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
2. The use of the 'BBB' S&P rating is based on similar credits.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The costs of issuance and underwriter's discount are estimates for discussion purposes only.
5. Structured with cash-funded DSRF.