

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 06, 2025

NEW ISSUE — FULL BOOK-ENTRY

S&P RATINGS:
(See “RATINGS”)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel further observes that interest on the Series 2025B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds. See “TAX MATTERS.”

\$ _____*
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(PUBLIC SAFETY PROJECTS)
SERIES 2025A

\$ _____*
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(PUBLIC SAFETY PROJECTS)
SERIES 2025B (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: April 1, as shown on inside cover

The Fresno Joint Powers Financing Authority (the “Authority”) is issuing \$ _____* principal amount of Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025A (the “Series 2025A Bonds”) and \$ _____* principal amount of Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025B (Federally Taxable) (the “Series 2025B Bonds” and, together with the Series 2025A Bonds, the Series 2025 Bonds”) to: (i) pay the costs of constructing a new Fire Station No. 12 and a new 911 Emergency Call Center, and constructing and installing certain tenant improvements to the Police Department Headquarters (collectively, the “Series 2025 Projects”) located in the City of Fresno (the “City”); (ii) capitalize interest on the Series 2025 Bonds through April 1, 2029; and (iii) pay certain costs associated with the issuance of the Series 2025 Bonds[[], including premiums for the Policies (as defined herein)]. The Leased Facilities to be leased by the City from the Authority pursuant to a Sublease consist of Parking Garage 8, Fire Station No. 18, and the Southeast Police Substation. Following the completion of the Series 2025 Projects, the City expects to add Fire Station No. 12 and the 911 Emergency Call Center as Leased Facilities under the Lease and the Sublease (each as defined herein) and release Parking Garage No. 8 therefrom. See “PLAN OF FINANCE,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “THE LEASED FACILITIES” for descriptions of the Leased Facilities.

The Series 2025 Bonds are being issued pursuant to a Master Trust Agreement dated as of September 1, 2025 (the “Trust Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Series 2025 Bonds and the interest thereon are payable from, and secured by a pledge of, and charge and lien upon Revenues consisting primarily of Base Rental Payments to be paid by the City to the Authority pursuant to a Master Facilities Sublease, dated as of September 1, 2025 (the “Sublease”), by and between the Authority and the City, for beneficial use

and occupancy of the Series 2025 Projects. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS–Base Rental Payments” and “THE LEASED FACILITIES.”

Interest on the Series 2025 Bonds is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2025. Principal of the Series 2025 Bonds is payable on April 1 of each year as set forth on the inside cover. The Series 2025 Bonds will each be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are, or act through, DTC participants. Beneficial Owners will not be entitled to receive delivery of the Series 2025 Bonds. Payments of principal, interest and premium, if any, on the Series 2025 Bonds will be payable by the Trustee to DTC or its nominee, so long as DTC or its nominee remains the registered owner of the Series 2025 Bonds. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC participants. See APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Series 2025 Bonds are subject to optional, mandatory sinking fund, and extraordinary redemption as described herein. See “THE SERIES 2025 BONDS–Redemption Provisions.”

No reserve fund will be established for the Series 2025 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS–No Reserve Fund”

The Series 2025 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for the payment of the principal of or premium, if any, or interest on the Series 2025 Bonds. The obligation of the City to make Base Rental Payments due under the Sublease does not constitute a debt, liability or obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The Authority has no taxing power.

This cover contains certain information for general reference only. It is not a summary of this issue. Investors are strongly advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision, including “CERTAIN BONDOWNERS’ RISKS.”

[The scheduled payment of principal of and interest on the Series 2025A Bonds maturing on ____ 1 of the years 20__ through 20__, inclusive (the “Insured Series 2025A Bonds”), when due will be guaranteed under a municipal bond insurance policy for the Insured Series 2025A Bonds to be issued concurrently with the delivery of the Insured Series 2025A Bonds by _____ (the “Bond Insurer”). The scheduled payment of principal of and interest on the Series 2025B Bonds maturing on ____ 1 of the years 20__ through 20__, inclusive (the “Insured Series 2025B Bonds”), when due will be guaranteed under a municipal bond insurance policy for the Insured Series 2025B Bonds to be issued concurrently with the delivery of the Insured Series 2025A Bonds by the Bond Insurer. See “BOND INSURANCE.”]

The Series 2025 Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and to certain other conditions. Certain matters will be passed upon for the Authority and the City by the City Attorney of the City of Fresno and for the Authority and the City by ArentFox Schiff LLP, San Francisco, California, Disclosure Counsel. Anzel Galvan LLP, San Francisco, California is serving as counsel to the Underwriter. It is expected that the Series 2025 Bonds in book-entry form will

be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2025.

Loop Capital Markets

Date of this Official Statement: _____, 2025

* Preliminary, subject to change.

MATURITY SCHEDULES

\$ _____ *

FRESNO JOINT POWERS FINANCING AUTHORITY
(PUBLIC SAFETY PROJECTS)
SERIES 2025A

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP No. [†]
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\$ _____ % Term Bonds due April 1, 20__; Price: _____; Yield: _____; CUSIP No.[†] 358184 _____

\$ _____ *

FRESNO JOINT POWERS FINANCING AUTHORITY
(PUBLIC SAFETY PROJECTS)
SERIES 2025B (FEDERALLY TAXABLE)

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP No. [†]
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[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter, or their agents or counsel assume any responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the Fresno Joint Powers Financing Authority (the "Authority") or City of Fresno (the "City") to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Authority, the City, and the purchasers or any of the owners of Series 2025 Bonds. The information set forth herein has been furnished by the Authority and the City and obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as representations by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

This Official Statement is submitted in connection with the sale of the Series 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority and the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement.

The Underwriter may offer and sell the Series 2025 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof, and said public offering prices may be changed from time to time by the Underwriter.

This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on estimates or current expectations, whether or not expressly so stated. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "budget" "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the Authority or the City. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Authority and the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The issuance and sale of the Series 2025 Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)2 for the issuance and sale of municipal securities.

The City maintains a website. References to website addresses presented in this Official Statement are for information purposes only and are solely for the convenience of the reader. The information presented on any website is not a part of this Official Statement, is *not* incorporated into and is not a part of, this Official Statement, and should not be relied upon in making an investment decision with respect to the Series 2025 Bonds.

[_____] (the "Bond Insurer") makes no representation regarding the Insured Series 2025 Bonds or the advisability of investing in the Insured Series 2025 Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and APPENDIX G—"SPECIMEN MUNICIPAL BOND INSURANCE POLICIES."]

FRESNO JOINT POWERS FINANCING AUTHORITY

GOVERNING BOARD

Mayor Jerry P. Dyer, *Chair*
Mike Karbassi, *Vice Chair*
Nelson Esparza, *Member*

CITY OF FRESNO

MAYOR AND CHIEF EXECUTIVE OFFICER

Jerry P. Dyer

CITY COUNCIL

Mike Karbassi, *President, District 2*
Miguel Arias, *Vice President, District 3*
Annalisa Perea, *District 1*
Tyler Maxwell, *District 4*
Brandon Vang, *District 5*
Nick Richardson, *District 6*
Nelson Esparza, *District 7*

CHIEF CITY ADMINISTRATIVE PERSONNEL

Georgeanne White, *City Manager*
Andrew Janz, *City Attorney*
Santino Danisi, *Finance Director/City Controller*
Todd Stermer, *City Clerk*

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City Location Map



OFFICIAL STATEMENT

\$ _____ *
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(PUBLIC SAFETY PROJECTS)
SERIES 2025A

\$ _____ *
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(PUBLIC SAFETY PROJECTS)
SERIES 2025B (FEDERALLY TAXABLE)

INTRODUCTION

This Introduction contains only a brief summary of the terms of the 2025 Bonds being offered and a brief description of this Official Statement. A full review should be made of the entire Official Statement, including the inside cover through the Appendices. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given to such terms as set forth in the Trust Agreement (defined below). See APPENDIX C—“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS.”

General; Purpose

This Official Statement, which includes the cover, inside cover and appendices attached hereto, provides certain information in connection with the issuance and delivery by the Fresno Joint Powers Financing Authority (the “Authority”) of \$ _____ * principal amount of Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025A (the “Series 2025A Bonds”) and \$ _____ * principal amount of Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025B (Federally Taxable) (the “Series 2025B Bonds” and, together with the Series 2025A Bonds, the Series 2025 Bonds”). The proceeds of the sale of the 2025 Bonds will be used to: (i) pay the costs of constructing a new Fire Station No. 12 and a new 911 Emergency Call Center, and constructing and installing certain tenant improvements to the Police Department Headquarters (collectively, the “Series 2025 Projects” located in the City of Fresno (the “City”)); (ii) capitalize interest on the Series 2025 Bonds through April 1, 2029; and (iii) pay certain costs associated with the issuance of the Series 2025 Bonds[[, including premiums for the Policies (defined herein)]]]. The Leased Facilities to be leased by the City from the Authority pursuant to a Sublease consist of Parking Garage 8, Fire Station No. 18, and the Southeast Police Substation. Following the completion of the Series 2025 Projects, the City expects to add Fire Station No. 12 and the 911 Emergency Call Center as Leased Facilities under the Lease and the Sublease (each as defined herein) and release Parking Garage No. 8 therefrom. See “PLAN OF FINANCE,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “THE LEASED FACILITIES” for descriptions of the Leased Facilities.

Authority for Issuance

The Series 2025 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the “Act”) and a Master Trust Agreement, dated as of September 1, 2025 (the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the “Trustee”).

* Preliminary, subject to change.

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State and composed of the City and the Successor Agency to the Redevelopment Agency of the City of Fresno (the “Agency”). The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated October 25, 1988, as amended, by and between the City and the Agency to assist in the financing of public capital improvements.

Security and Sources of Payment for the Series 2025 Bonds

General. The Series 2025 Bonds are payable from, and secured by a pledge of, and charge and lien upon, certain rental payments received by the Authority from the City (the “Base Rental Payments”) pursuant to a Master Facilities Sublease, dated as of September 1, 2025 (the “Sublease”), by and between the Authority and the City, and from certain interest and other income derived from certain funds and accounts held under the Trust Agreement.” The City is obligated to pay all Base Rental Payments (subject to abatement) due under the Sublease from the City’s General Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS–Base Rental Payments.”

The City owns certain real property and the improvements thereon (each a “Facility,” and collectively, the “Leased Facilities”), that the City has leased to the Authority pursuant to a Master Facilities Lease, dated as of September 1, 2025 (the “Lease”). The City will lease the Leased Facilities back from the Authority pursuant to the Sublease. For a description and location of the Leased Facilities, see “THE LEASED FACILITIES.”

The Series 2025 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or premium, if any, or interest on the Series 2025 Bonds. The obligation of the City to make Base Rental Payments due under the Sublease does not constitute a debt, liability or obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The Authority has no taxing power.

Additional Bonds. The Authority may issue future Additional Bonds secured on a parity with the Series 2025 Bonds. The Series 2025 Bonds and any future Additional Bonds issued pursuant to the Trust Agreement, are referred to collectively as the “Bonds.” See APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–THE MASTER TRUST AGREEMENT–ISSUANCE OF ADDITIONAL BONDS.

For a summary of other obligations of the City payable from the General Fund, see Table A-22–“Long-Term General Fund Obligations” in APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO” under the caption “FINANCIAL INFORMATION–Long-Term General Fund Obligations.”

Abatement

The Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Facilities or any portion thereof. If the Base Rental Payments are abated under the Sublease, the Bond Owners would receive less than the full amount of principal of and interest on the Series 2025A Bonds. To the extent proceeds of rental interruption insurance are available (as described herein), Base Rental Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS—Abatement" and "CERTAIN BONDOWNERS' RISKS—Abatement."

[Bond Insurance]

[The scheduled payment of principal of and interest on the Series 2025A Bonds maturing on ____ 1 of the years 20__ through 20__, inclusive (the "Insured Series 2025A Bonds"), when due will be guaranteed under a municipal bond insurance policy for the Insured Series 2025A Bonds (the "Series 2025A Policy") to be issued concurrently with the delivery of the Insured Series 2025A Bonds by ____ (the "Bond Insurer"). The scheduled payment of principal of and interest on the Series 2025B Bonds maturing on ____ 1 of the years 20__ through 20__, inclusive (the "Insured Series 2025B Bonds"), when due will be guaranteed under a municipal bond insurance policy for the Insured Series 2025B Bonds (the "Series 2025B Policy" and, together with the Series 2025A Policy, the "Policies") to be issued concurrently with the delivery of the Insured Series 2025A Bonds by the Bond Insurer. See "BOND INSURANCE" and APPENDIX G—"SPECIMEN MUNICIPAL BOND INSURANCE POLICIES."]

No Reserve Account

No reserve account will be established under the Trust Agreement as security for the Series 2025 Bonds. See "CERTAIN BONDOWNERS' RISKS—No Reserve Account."

Risks to Bondowners

An investment in the Series 2025 Bonds involves risk. Investors are advised to read the entire Official Statement to obtain information essential to making an informed decision to invest in the Series 2025 Bonds. For a discussion of certain investment considerations and risk factors that should be considered by prospective purchasers of the Series 2025 Bonds, in addition to the other matters presented in this Official Statement, see "CERTAIN BONDOWNERS' RISKS."

Continuing Disclosure

The City has covenanted for the benefit of the Owners and Beneficial Owners to provide certain financial information and operating data for each Fiscal Year not later than March 31 of each year (or the next succeeding business day, if such day is not a business day), commencing March 31, 2026 (each, an "Annual Report") and notices of the occurrence of certain specified events. The Annual Reports and the notices of the occurrence of certain specified events will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access site ("EMMA").

The specific nature of the information to be contained in the Annual Reports and the notices of specified events is set forth in APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-

12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”). See “CONTINUING DISCLOSURE.”

References to Underlying Documents

Brief descriptions of the Authority, the City, the Series 2025 Bonds, the Series 2025 Projects, the Trust Agreement, the Lease, the Sublease, and the Leased Facilities are included in this Official Statement. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are available for inspection at the City of Fresno, Finance Department, 2600 Fresno Street, Fresno, California 93721-3603.

PLAN OF FINANCE

General

Proceeds of the Series 2025A Bonds will be applied to: (i) pay the cost of constructing a new Fire Station No. 12 and a new 911 Emergency Call Center, and constructing and installing certain tenant improvements to the Police Department Headquarters, a privately developed building being acquired by the City under a lease purchase agreement (collectively, the “Series 2025 Projects”); (ii) capitalize interest on the Series 2025A Bonds through September 16, 2028; and (iii) pay the costs associated with the issuance of the 2025A Bonds, including the premium for the Series 2025A Policy.

Proceeds of the Series 2025B Bonds will be applied to: (i) capitalize interest on the Series 2025A Bonds from September 17, 2028 through April 1, 2029, (ii) capitalize interest on the Series 2025B Bonds through April 1, 2029, and (iii) pay the costs associated with the issuance of the 2025B Bonds, including the premium for the Series 2025B Policy. See “ESTIMATED SOURCES AND USES OF FUNDS” for additional information regarding the application of Series 2025 Bond proceeds.

2025 Projects

Following the completion of the Series 2025 Projects, the City expects to add Fire Station No. 12 and the 911 Emergency Call Center as Leased Facilities under the Lease and the Sublease and release Parking Garage No. 8 therefrom (each as described below).

Fire Station No. 12. Approximately \$18,002,756 of the proceeds of the Series 2025A Bonds will be applied to construct a new approximately 15,842 square foot, single-story, wood frame Fire Station No. 12, containing four bays for fire apparatus, turnout and equipment rooms, living quarters, recreation space, office space for 11 personnel, and a public lobby located on City-owned land at Ashlan Avenue and Valentine Avenue in the northwestern part of the City. This fire station will replace existing station No. 12 which is located at Acacia Avenue and Marks Avenue. The new station will be significantly larger than the existing station. The City will equip new Fire Station No. 12 from other City moneys, which the City has appropriated or expects to be budgeted and appropriated prior to occupancy. Such equipment is not part of the Leased Facilities for purposes of the Lease and the Sublease.

Design of Fire Station No. 12 is complete, and construction is expected to be completed by October 2026.



911 Emergency Call Center. Approximately \$16,902,908 of proceeds of the Series 2024A Bonds will be applied to construct a new 12,072-square-foot 911 Emergency Call Center for the Police Department on a 1.25-acre project site located in the eastern portion of the City's Municipal Service Center located at 1515 El Dorado Street. The 911 Emergency Call Center will consist of a single-story building with a large call center space, office space for managers and supervisors, a conference room, a training room, breakrooms, restrooms, an exercise and fitness room, a server room, an electrical room, and an outdoor courtyard. The 911 Emergency Call Center would be operational 24 hours a day, every day of the calendar year, and would be operated and maintained by the Police Department. Operation of the 911 Emergency Call Center would involve transferring certain existing operations from the police department. The City will equip the 911 Emergency Call Center from other City moneys. Such equipment is not part of the Leased Facilities for purposes of the Lease and the Sublease.

Design of the 911 Emergency Call Center is complete, and construction is expected to be completed by December 2026.



Police Department Headquarters Improvements. Approximately \$12,000,000 of proceeds of the Series 2024A Bonds will be applied to construct and install *[[Description of Improvements]to the Police Department Headquarters to be located at 2314 Mariposa Street.* Neither the Police Department Headquarters nor the improvements are part of the Leased Facilities for purposes of the Lease and the Sublease.

* Preliminary, subject to change.

THE SERIES 2025 BONDS

General

The Series 2025A Bonds will be issued in the principal amount of \$ _____* as one fully registered Series 2025A Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), as registered owner of all Series 2025A Bonds. See APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.” The Series 2025A Bonds will be dated the date of original delivery, bear interest at the rates per annum set forth on the inside cover, payable semiannually on each April 1 and October 1 (each, an “Interest Payment Date”), commencing _____ 1, 2025, and mature on April 1 in the years and in the principal amounts set forth on the inside cover.

The Series 2025B Bonds will be issued in the principal amount of \$ _____* as one fully registered Series 2025B Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), as registered owner of all Series 2025B Bonds. See APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.” The Series 2025B Bonds will be dated the date of original delivery, bear interest at the rates per annum set forth on the inside cover, payable semiannually on each April 1 and October 1 (each, an “Interest Payment Date”), commencing _____ 1, 2025, and mature on April 1 in the years and in the principal amounts set forth on the inside cover.

Redemption Provisions

Optional Redemption of Series 2025A Bonds. The Series 2025A Bonds maturing on and after April 1, 2036, are subject to redemption prior to their respective stated maturities at the written direction of the Authority, from any moneys deposited by the Authority or the City, as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after April 1, 2035, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

No Optional Redemption of Series 2025B Bonds. The Series 2025B Bonds are *not* subject to redemption prior to their respective stated maturities.

* Preliminary, subject to change.

Mandatory Sinking Fund Redemption of Series 2025A Bonds. The Series 2025A Bonds maturing on April 1, 20__ (the “Series 2025A 20__ Term Bonds”) upon notice as provided in the Trust Agreement, are subject to mandatory sinking fund redemption prior to maturity, in part on April 1 of each year on and after April 1, 20__ by lot, from and in the amount of the Mandatory Sinking Account Payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

20__ Series 2025A Term Bonds Sinking Account Payments

Mandatory Sinking Account Payment Date (April 1)	Mandatory Sinking Account Payments
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† Maturity.

* Preliminary, subject to change.

Extraordinary Redemption of Series 2025 Bonds. The Series 2025 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole, or in part by lot within each stated maturity in integral multiples of \$5,000, from prepayments made to the City pursuant to the Facilities Sublease from insurance or condemnation proceeds, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Whenever less than all of the outstanding Series 2025 Bonds [of a Series] are to be redeemed on any one date, the Trustee shall select the Series 2025 Bonds to be redeemed in part from maturities selected by the Authority, provided that the aggregate annual debt service on Series 2025 Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual debt service on Series 2025 Bonds Outstanding prior to such redemption date. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—Insurance.”

Redemption Procedures

Selection of Series 2025 Bonds for Redemption. If less than all Outstanding Series 2025 Bonds of either Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2025 Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Series 2025 Bonds so selected for redemption. For purposes of such selection, Series 2025 Bonds shall be deemed to be composed of \$5,000 multiples of principal, and any such multiple may be separately redeemed.

Notice of Redemption of Series 2025 Bonds. Notice of redemption of any Series 2025 Bond is required to be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to (i) the respective Holders of the Series 2025 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) the Municipal Securities Rulemaking Board; and (iii) the Securities Depositories. Notice of redemption [to the Securities Depositories] is required to be given by registered mail, electronic mail or overnight delivery or facsimile transmission. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption.

Notice of Optional Redemption of the Series 2025A Bonds. At the Written Direction of the City, the Trustee’s notice of redemption with respect to an optional redemption of the Series 2025A Bonds shall provide that such redemption is conditional upon receipt by the Trustee of sufficient moneys to redeem

such Series 2025A Bonds or portion thereof, including moneys to pay any redemption premium (a “Conditional Redemption”). The Trustee is required to rescind any Conditional Redemption if sufficient moneys have not been deposited with the Trustee on or before the redemption date. The optional redemption of the Series 2025A Bonds is required to be canceled once the Trustee has given notice of rescission. Any portion of the Series 2025A Bonds subject to Conditional Redemption where such redemption has been rescinded will remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the redemption date will constitute an Event of Default under the Trust Agreement.

Effect of Redemption of Series 2025 Bonds. If notice of redemption has been duly given as provided in the Trust Agreement and money for the payment of the redemption price of, together with interest accrued to the date fixed for redemption, the Series 2025 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2025 Bonds so called for redemption will become due and payable, and from and after the date so designated for redemption, the interest on such Series 2025 Bonds will cease to accrue, and the Holders of such Series 2025 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

DEBT SERVICE REQUIREMENTS

The amounts required to be set aside each April 1 and October 1 for principal, sinking account payments and interest relating to the Series 2025 Bonds are as shown below:

TABLE 1
DEBT SERVICE SCHEDULE

Date	Series 2025A Bonds			Series 2025B Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
10/1/2025							
04/1/2026							
10/1/2026							
04/1/2027							
10/1/2027							
04/1/2028							
10/1/2028							
04/1/2029							
10/1/2029							
04/1/2030							
10/1/2030							
04/1/2031							
10/1/2031							
04/1/2032							
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10/1/2033							
04/1/2034							
10/1/2034							
04/1/2035							
10/1/2035							
04/1/2036							
10/1/2036							
04/1/2037							
10/1/2037							
04/1/2038							
10/1/2038							
04/1/2039							

Date	Series 2025A Bonds			Series 2025B Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
10/1/2039							
04/1/2040							
10/1/2040							
04/1/2041							
10/1/2041							
04/1/2042							
10/1/2042							
04/1/2043							
10/1/2043							
04/1/2044							
10/1/2044							
04/1/2045							
10/1/2045							
04/1/2046							
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04/1/2049							
10/1/2049							
04/1/2050							
10/1/2050							
04/1/2051							
10/1/2051							
04/1/2052							
10/1/2052							
04/1/2053							
10/1/2053							
04/1/2054							
10/1/2054							
04/1/2055 [†]							
TOTAL							

[†] Maturity.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds received from the sale of the Series 2025 Bonds are set forth below:

TABLE 2
ESTIMATED SOURCES AND USES OF FUNDS

SOURCES:	<u>SERIES 2025A</u>	<u>SERIES 2025B</u>	<u>TOTAL</u>
Principal of Series 2025 Bonds			
Plus Original Issue Premium			
TOTAL ESTIMATED SOURCES			
USES:			
Deposit to Series 2025 Acquisition and Construction Account ⁽¹⁾			
Deposits to Capitalized Interest Account ⁽²⁾			
Underwriter's Discount			
Costs of Issuance ⁽³⁾			
TOTAL ESTIMATED USES			

- (1) Amounts in the Series 2025 Acquisition and Construction Account will be applied to pay construction costs, including contingencies for change orders, of the Series 2025 Projects and pay and reimburse the City for certain of its pre-construction costs in connection with Series 2025 Projects. See "THE LEASED FACILITIES."
- (2) Proceeds of the Series 2025A Bonds in the amount of \$_____ will be deposited into the Series 2025A Capitalized Interest Subaccount to capitalize interest thereon through the date three years after the date of issuance thereof. Proceeds of the Series 2025B Bonds in the amount of \$_____ will also be deposited into the Series 2025A Capitalized Interest Subaccount to capitalize interest on the Series 2025A Bonds from [[September 17, 2028]] through April 1, 2029. Proceeds of the Series 2025B Bonds in the amount of \$_____ will be deposited into the Series 2025B Capitalized Interest Subaccount to capitalize interest thereon from the date of issuance through April 1, 2029.
- (3) Includes fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, and the Municipal Advisor, [[bond insurance policy premiums,]] rating agency fees, printing costs and all other miscellaneous costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS

General

Pursuant to the Sublease, the City makes Base Rental Payments for the beneficial use and occupancy of Facilities, which Base Rental Payments are calculated to be sufficient to pay debt service on all Bonds issued under the Trust Agreement.

Pledge of Revenues

The Trust Agreement provides that the Bonds and the interest thereon are payable solely from, and are secured by a pledge of and charge and lien upon, (i) all Base Rental Payments and certain other payments paid by the City and received by the Trustee, as assignee of the Authority pursuant to the Sublease (but not Additional Payments) and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund) (collectively, the "Revenues"), all under the terms and conditions set forth in the Trust Agreement. To the extent set forth in the Trust Agreement, all the Revenues are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds.

The Series 2025 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or premium, if any, or interest on the Series 2025 Bonds. The obligation of the City to make Base Rental Payments due under the Sublease does not constitute a debt, liability or obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The Authority has no taxing power.

Base Rental Payments

Base Rental Payments are calculated to be sufficient to make the 2025 Bond payments on April 1 and October 1 of each year. Each Base Rental Payment installment is payable five Business Days in advance of such dates.

The City is obligated to pay all Base Rental Payments (subject to abatement) due under the Sublease for beneficial use and occupancy of the Leased Facilities from any lawfully available funds of the City. The Trust Agreement requires that the Base Rental Payments be deposited in the Revenue Fund maintained by the Trustee. Pursuant to the Trust Agreement, on April 1 and October 1 of each year, the Trustee will apply such amounts in the Revenue Fund as are necessary to make principal and interest payments with respect to the Bonds as the same shall become due and payable. See also “CERTAIN BONDOWNERS’ RISKS–Abatement.”

The obligation of the City to make Base Rental Payments is an obligation payable from amounts in the General Fund of the City, and does not constitute a debt of the City, the Authority or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction or an obligation for which the City must levy or pledge, or has levied or pledged, any form of taxation.

Abatement

Pursuant to the Sublease, Base Rental Payments shall be abated proportionately during any period in which, by reason of any damage or destruction (other than by condemnation which is otherwise addressed in the Sublease) there is substantial interference with the use and occupancy of the Leased Facilities by the City. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of: (i) the amount necessary to pay the originally scheduled Base Rental Payments remaining unpaid and (ii) the fair rental value for the use and possession of the Leased Facilities not so damaged or destroyed. The City shall calculate such abatement and shall provide the Authority and the Trustee with a Certificate of the City setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Leased Facilities so damaged or destroyed. See APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–MASTER FACILITIES SUBLEASE–Base Rental Payments; Use of Proceeds–Rental Abatement.”

Covenant to Budget and Appropriate

Pursuant to the Sublease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Sublease in its annual budgets and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The covenants on the part of the City contained in the Sublease are deemed to be and are construed to be duties imposed by law, and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Sublease agreed to be carried out and performed by the City. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Series 2025 Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX D–“PROPOSED FORM OF OPINION OF BOND COUNSEL”) to the effect that, subject to the limitations and qualifications described therein, the Sublease constitutes a valid and binding obligation of the City. For a description of the practical realization of remedies upon default under the Sublease by the City, see “CERTAIN BONDOWNERS’ RISKS–Bankruptcy” and APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–MASTER FACILITIES SUBLEASE–Default and Remedies.”

Option to Purchase

Pursuant to the Sublease, the City has the option to purchase the Authority’s interest in any part of the Leased Facilities upon payment of an option price consisting of moneys or securities satisfying the requirements specified in the Trust Agreement (and which are not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the redemption price of a portion of the Bonds attributable to such part of the Leased Facilities (determined by reference to the proportion which the acquisition, design and construction cost of such part of the Leased Facilities bears to the acquisition, design and construction cost of all of the Leased Facilities).

The option price payment is required to be made to the Trustee and will be treated as rental payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. See APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–MASTER FACILITIES SUBLEASE–Option to Purchase; Sale of Personal Property.”

Insurance

Fire and Extended Coverage Insurance. The Sublease requires the City to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Sublease, insurance against loss or damage to any structures constituting any part of the Leased Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance. Such extended coverage insurance is required, as nearly as practicable, to cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance is required to be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$250,000). Such insurance may be part of a joint-purchase insurance program.

If the Leased Facilities are damaged or destroyed as a result of an event for which federal or State disaster aid is available, the Authority and/or the City covenant to promptly apply for such disaster aid. Any disaster aid proceeds received are required to be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Leased Facilities, or, at the option of the City and the Authority, to redeem Outstanding Bonds if permitted under such disaster aid program.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by the Sublease, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Sublease, there will be filed with the Trustee a certificate of an actuary, insurance consultant or other qualified person (who may be a City employee), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Sublease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City with respect to the damaged portion of the Leased Facilities will be limited to the amounts in the self-insurance reserve fund or funds created under such method. The City does not currently provide for such a self-insurance method. See also APPENDIX A—"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO—FINANCIAL INFORMATION—Risk Management."

Rental Interruption or Use and Occupancy Insurance. The Sublease requires the City to procure or cause to be procured and maintain or cause to be maintained throughout the term of the Sublease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Facilities as the result of any of the hazards covered by the fire and extended coverage insurance required by the Sublease described in the preceding paragraphs, in an amount sufficient to pay the maximum annual Base Rental Payments due under the Sublease for any two year period, except that such insurance may be subject to a deductible clause of not to exceed \$50,000 and may be part of a joint-purchase program. The provider of such insurance is required to be rated at least "A-" by A.M. Best & Company, and the Trustee is required to be the beneficiary of such insurance. Any proceeds of such insurance will be payable to and used by the Trustee as provided in the Trust Agreement to pay principal of and interest on the Bonds for a period of time during which the payment of rental under a Sublease is abated, and any proceeds of such insurance not so used will be applied as provided in the Trust Agreement to the extent required for the payment of Additional Payments. The City is *not* allowed under the Sublease to self-insure for rental interruption insurance.

No Earthquake Insurance. The Sublease does not require the City to maintain earthquake insurance with respect to the Leased Facilities. The City does not maintain such insurance and does not anticipate that it will obtain such insurance in the future.

Title Insurance. The City is also required under the Sublease to obtain a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Leased Facilities in an amount at least equal to the principal amount of the Bonds. Such insurance instrument, when issued, is required to name the Trustee as the insured, and is required to insure the leasehold estate of the Authority subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the property and as will not result in an abatement of Base Rental Payments payable by the City under the Sublease.

Worker's Compensation Insurance. The City is also required under the Sublease to maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in the State, or any act enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

No Reserve Account

No Reserve Account is established under the Trust Agreement as security for the Series 2025 Bonds.

Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the Series 2025 Bonds, and subject to certain conditions precedent, including the requirement of adding additional Facilities, as necessary to the Sublease. See APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–MASTER TRUST AGREEMENT–Additional Bonds.”

The Authority will not, so long as any of the Series 2025 Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except Additional Bonds or obligations to a Reserve Facility provider or obligations which are junior and subordinate to the payment of the principal, premium and interest on the Bonds.

Addition, Substitution, Release of Facilities

The City and the Authority may add, substitute or release real property and the improvements, buildings, fixtures and equipment thereon, for all or part of the Leased Facilities for purposes of the Lease and the Sublease provided the City has filed with the Authority and the Trustee the following:

(i) Executed copies of the Lease and Sublease or amendments thereto containing the amended description of the Leased Facilities, including the legal description of the Leased Facilities as modified;

(ii) A Written Certificate of the City evidencing that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition costs or replacement cost of such facility to the City) of the Leased Facilities that will constitute the Leased Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent year (at the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will evidence that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility);

(iii) With respect to an addition or substitution, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Leased Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, is required to name the Trustee as the insured, and is required to insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under the Sublease;

(iv) A Written Certificate of the City stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the City's beneficial use and occupancy of the Leased Facilities;

(v) With respect to the substitution of property, a Written Certificate of the City stating that the remaining useful life of the property to be substituted is at least equal to the remaining term of the Sublease; and

(vi) An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be (a) is authorized or permitted under the Sublease; (b) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (c) will not cause the interest on the tax-exempt bonds to be included in gross income for federal income tax purposes.

Remedies

In the event the City fails to pay any rental due under the Sublease or otherwise fail to perform any other term thereof, the Trustee, on behalf of the Authority, may exercise the remedies provided for therein. Such remedies include, without limitation, a right to bring a suit in mandamus or other legal proceeding to enforce the Authority's rights against the City, a right to terminate the Sublease and a right to, without terminating the Sublease take possession of, and re-let, the Leased Facilities. See APPENDIX C—"FORMS OF THE PRINCIPAL LEGAL DOCUMENTS—MASTER FACILITIES SUBLEASE."

[BOND INSURANCE]

THE LEASED FACILITIES

General

The City will lease each of the Leased Facilities to the Authority pursuant to the Lease, and the Authority will lease the Leased Facilities back to the City pursuant to the Sublease. The City has covenanted in the Sublease that it will use, or cause the Leased Facilities to be used for public purposes and for the purposes for which the Leased Facilities are customarily used.

The Leased Facilities consist of (i) Parking Garage 8, (ii) Fire Station No. 18, and (iii) the Southeast Police Substation. Certain additional information about the Leased Facilities is summarized below.

The Base Rental Payments made by the City for use and occupancy of the Leased Facilities secure repayment of the Series 2025 Bonds. The Base Rental Payments to be made by the City under the Sublease comprises the rental for the Leased Facilities without distinction or priority for any Leased Facility, subject to abatement, and the City may not make any Base Rental Payment in part.

For a map showing the location of the Leased Facilities within the City, see page [].

Under the Sublease the City may substitute real property as part of the Leased Facilities from time to time. In addition, the City may be required to add additional Facilities in connection with the issuance of Additional Bonds. The City may also release Facilities as provided in the Sublease prior to the final maturity date of the Bonds. See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Addition, Substitution and Release of Property."

Following the completion of the Series 2025 Projects, the City expects to add Fire Station No. 12 and the 911 Emergency Call Center as Leased Facilities under the Lease and the Sublease and release Parking Garage No. 8 therefrom.

Debt service payments on the Bonds outstanding under the Trust Agreement are set forth in the table under the caption “DEBT SERVICE REQUIREMENTS.” Each Base Rental Payment installment is payable five Business Days in advance of the related debt service payment date on the Bonds.

Descriptions of the Leased Facilities

Parking Garage 8. This Facility was constructed in the 1968 and consists of a 968-space, approximately 356,400 square foot, three-level, underground, concrete public parking garage on an approximately 2.8 acre site located at 1077 Van Ness Avenue, approximately four blocks west of City Hall, at the intersections of Tulare and Van Ness Streets. The City estimates the value of this Leased Facility to be \$50,800,000.



Fire Station No. 18. This Facility was constructed in 2020 and consists of an approximately 10,678 square foot, single-story, concrete block building, containing a three-bay apparatus area for fire engine and equipment storage and living quarters and office area located on an approximately 1.7 acre parcel at 6605 West Shaw Avenue. The City estimates the value of this Leased Facility to be \$8,150,000.



Southeast Police Substation. This Facility was constructed in 2020 and consists of an approximately 10,288 square foot, single-story, concrete block building, containing office space, conference rooms, a gym, visitor areas, and covered and uncovered parking for 140 vehicles, located on an approximately 2.7 acre parcel at 244 South Argyle Avenue. The City estimates the value of this Leased Facility to be \$6,360,000.



For the location of the Leased Facilities within the City, see the map on page 21.

Estimated Values of Facilities

The values of the Leased Facilities are only the City's respective estimates thereof. In certain cases the City used valuations performed by third parties. In addition, such valuations were provided to the City solely for its internal use. The City believes that the respective values represent reasonable estimates thereof, but there can be no assurance that an independent appraiser conducting a current appraisal would not assign valuations lower than those indicated above. In addition, it should be noted that although the Lease and Sublease contain a right of the Trustee, on behalf of the Bondowners, to re-enter and re-let the Leased Facilities, such right does not constitute a mortgage or deed of trust with a right of foreclosure.

The Base Rental Payments made by the City under the Sublease, which provide for payment of debt service on the Series 2025 Bonds, are required to be made as long as the City has beneficial use and occupancy of the Leased Facilities, which beneficial use and occupancy continued during the duration of the pandemic. In addition, the City has covenanted to include Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS-BASE RENTAL PAYMENTS" and "COVENANT TO BUDGET AND APPROPRIATE." Also see, APPENDIX A-"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO-FINANCIAL INFORMATION."

Seismicity

Generally, within the State, some level of seismic activity occurs on a regular basis. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential for damage to property located at or near the center of such seismic activity. Each of the Leased Facilities was designed to satisfy current State building code seismic standards as of the date of construction. The Sublease does not require the City to obtain earthquake insurance with respect to the Leased Facilities. See also “CERTAIN BONDOWNERS’ RISKS—Abatement” and “—Risk of Earthquake and Other Natural Disasters.”

Vicinity Map

A vicinity map indicating the location of the Leased Facility and the Series 2025 Projects appears on the next page. It is expected that upon completion of the Series 2025 Projects, Fire Station No. 12 and the 911 Emergency Call Center will be added as Leased Facilities under the Lease and the Sublease and Parking Garage No. 8 will be released therefrom.

[LEASED FACILITIES LOCATION MAP]

CERTAIN BONDOWNERS' RISKS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2025 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2025 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2025 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the secondary marketability of the Series 2025 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Limited Obligation

The Series 2025 Bonds are not City debt and are limited obligations of the Authority. Neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or premium, if any, or interest on the Series 2025 Bonds or for the payment of Base Rental Payments. The Authority has no taxing power. The obligation of the City to make Base Rental Payments when due is an obligation payable from amounts in the General Fund of the City. The obligation of the City to make Base Rental Payments due under the Sublease does not constitute debt, liability, or obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2025 Bonds nor the obligation of the City to make Base Rental Payments due under the Sublease constitute a debt or indebtedness of the Authority, the City, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the City, the City covenants under the Sublease to include all Base Rental Payments and Additional Payments in its annual budgets and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. Base Rental Payments and Additional Payments are payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying such amounts. In the event that the City were to realize income and revenues for any Fiscal Year in an amount less than its aggregate obligations coming due and payable in such Fiscal Year (including its annual Base Rental Payment obligations), the City could have insufficient funds to pay the Base Rental Payments in full during such Fiscal Year.

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Sublease, the City covenants to take such action as may be necessary to include the Base Rental Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Series 2025 Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX D—"PROPOSED FORM OF OPINION OF BOND COUNSEL") to the effect that, subject to the limitations and qualifications described therein, the Sublease constitutes a valid and binding obligation of the City. For a summary of the Authority's practical realization of remedies upon default by the City under the Sublease, see "—Limited Recourse on Default."

Dependence on the State for Certain Revenues

Approximately [65%] of City General Fund revenues consist of payments collected by the State and passed through to local governments or collected by the County of Fresno (the “County”) and allocated to local governments by State law.

The City is reviewing the Fiscal Year 2025-26 State Budget and has not yet determined what impacts it will have on the finances and operations of the City. Further, there may be significant subsequent impacts as a result of developing economic circumstances and whether the federal government provides additional funding to states and local governments. See APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–Financial Information–State Budgets.

Base Rental Payments Not a Debt of the City

The City is currently liable on other obligations payable from its General Fund revenues. The City has the capability to enter into other obligations which may constitute additional charges against its General Fund revenues. To the extent that additional obligations are incurred by the City, funds available to make Base Rental Payments may be decreased, and there can be no assurance that available funds will be sufficient to make Base Rental Payments.

The obligation of the City under the Sublease to pay Base Rental Payments, which is subject to abatement, is in consideration for the beneficial use and possession of the Leased Facilities. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS–Abatement.”

Failure by the City to observe and perform its covenants and agreements under the Sublease for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, may become an event of default under the Sublease and would permit the Authority to pursue remedies at law or in equity to enforce such covenants and agreements. See APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–FINANCIAL INFORMATION–Long-Term General Fund Obligations–*Lease Obligations*.”

City Financial Condition

The City has identified a potential reduction or reduction in growth of local revenues, including as a result of an economic recession and increasing labor costs, including salaries and associated benefits and pension costs, as the two most significant factors that could adversely affect the City’s financial condition. While the City cannot predict the timing or extent of any economic slowdown or recession, the effect of such events can be expected to include decreases in major revenue sources such as property tax, sales tax, and room tax on lodging caused by weakened consumer demand and higher unemployment. Such reductions to the City’s major revenue sources could strain the City’s fiscal condition. See APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–FINANCIAL INFORMATION–Recent General Fund Budgets.” In addition, federal and State budget and immigration policies could impact conditions in the local economy and could have an adverse effect on the local economy and the City’s major revenue sources. For more information regarding the State’s financial condition, see APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–FINANCIAL INFORMATION–State Budgets.” The City cannot predict the timing of future economic downturns or what measures might be taken by the federal or State government to address future economic downturns and budgetary deficits. Accordingly, the City cannot predict the final outcome of future federal or State actions or the impact that such actions will have on the City’s finances and operations.

General. The financial condition of the City could affect the ability of the City to make base Rental Payments. Appendix A to this Official Statement sets forth financial, economic and demographic information related to the City. See also, APPENDIX B—“CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024.”

Retirement Systems. The City maintains two separate retirement systems, the Employees Retirement System and the Police and Fire Retirement System. For information regarding these retirement systems under which the City is required to make contributions, see APPENDIX A—“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF FRESNO—FINANCIAL INFORMATION—City Retirement Systems.”

Defined benefit retirement plans, such as the City’s retirement plans, have the potential of developing unfunded liabilities. New unfunded liabilities may arise if, among other things, the investments in the Retirement Systems’ funds under-realize their assumed rates of return, if the City adopts retroactive benefit increases, if the City’s compensation rates exceed actuarial projections, and if the demographic experience varies from assumptions *i.e.* increases in longevity.

Risk of Declines in Assessed Valuation

Property tax levied against the assessed value of property within the City represents approximately 41.8% of General Fund revenues in the Fiscal Year 2025-26 Adopted Budget, and represented approximately 40.6% of General Fund revenues in the Fiscal Year 2024-25 (Revised Budget) and 39.3% in Fiscal Year 2023-24 (audited). Possible causes for a reduction in assessed values include temporary reductions under Proposition 8, discretionary reductions by the County Assessor, the complete or partial destruction of taxable property within the City caused by natural or manmade disasters, such as flood, fire, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). See APPENDIX A—“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO—FINANCIAL INFORMATION—Assessed Valuation; *Ad Valorem* Property Tax—*Assessed Valuation*—Appeals to Assessed Valuation.” Any significant reduction in assessed value could have a material effect on General Fund revenues available to make Base Rental Payments on the 2025 Bonds.

[Bond Insurance on the Series 2025 Bonds]

[Payments under the Policies. If the Authority fails to pay the principal of and/or interest on the Series 2025 Bonds when due and payable, the Trustee, on behalf of the registered owners of such Series 2025A Bonds or the Series 2025B Bonds, will have a claim on the respective Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed under the Policy will be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration). The Policies do not insure the payment of any redemption premium payable upon the prepayment of the Series 2025 Bonds.

Under no circumstances can the maturities of the Series 2025 Bonds be accelerated without the consent of the Bond Insurer, so long as the Bond Insurer performs its obligations under the Policy. Furthermore, so long as the Bond Insurer performs its obligations under the Policy, the Bond Insurer may direct, and must consent to, any remedies that the Trustee exercises under the Trust Agreement and the Bond Insurer’s consent may be required in connection with amendments to the Trust Agreement in addition to the consent of any owners of the Series 2025 Bonds.

In the event that the Bond Insurer is unable to make payments of principal of and interest on the Series 2025 Bonds as such payments become due, the Series 2025 Bonds are payable solely from moneys received by the Trustee pursuant to the Trust Agreement.

In the event that the Bond Insurer is required to pay principal of or interest with respect to the Series 2025 Bonds, no representation or assurance is given or can be made that such event will not adversely affect the market price for or marketability of the Series 2025 Bonds.]

Limited Recourse on Default

General. The enforcement of remedies provided in the Sublease and the Trust Agreement could be both expensive and time consuming. Upon the occurrence of one of the “events of default” described below, the City will be deemed to be in default under the Sublease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Sublease. Upon any such default, including a failure to pay Base Rental Payments, the Authority may either (1) terminate such Sublease and seek to recover certain damages or (2) without terminating such Sublease, (i) continue to collect rent from the City on an annual basis by seeking a separate judgment each year for that year’s defaulted Base Rental Payments and/or (ii) re-enter the Leased Premises and re-let them. **In the event of default, there is no right to accelerate the total Base Rental Payments due over the term of the Sublease, and the Trustee has no possessory interest in the Leased Facilities and is not empowered to sell such Leased Facilities.** In addition, in the event the City adds Restricted Properties (as defined in the Sublease) to the Leased Facilities, the remedies with respect to such properties would not include re-entering and re-letting. See APPENDIX C–“FORMS OF THE PRINCIPAL LEGAL DOCUMENTS–MASTER FACILITIES SUBLEASE–Defaults and Remedies.”

Events of default under the Sublease include: (i) the failure of the City to make any Base Rental Payment when the same become due and payable; (ii) the failure of the City to keep, observe or perform any other term, covenant or condition of the Sublease to be kept, observed or performed by the City for a period of 30 days after notice of the same has been given to the City by the Authority or the Trustee, or for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, but not to exceed 60 days; (iii) the City assigns or transfers its interest in the Sublease, either voluntarily or by operation of law or otherwise, without the written consent of the Authority; (iv) the filing of any petition or institution of any proceeding under any act or acts, federal or State, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, an insolvent, or a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of its debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City is appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City makes a general or any assignment for the benefit of the creditors of the City, or (v) the City abandons or vacates the Leased Facilities.

Upon a default, the Trustee may elect to proceed against the City to recover damages pursuant to the Sublease. Any suit for money damages would be subject to statutory and judicial limitations on lessors’ remedies under real property leases, other terms of such Sublease and limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. In addition, due to the nature of many of the Leased Facilities as

designed expressly for municipal service purposes, amounts obtained from re-letting such Facilities could be substantially limited.

Abatement

The Base Rental Payments will be abated under the Sublease during any period in which due to damage or destruction (other than by condemnation) there is substantial interference with the City's use and occupancy of the Leased Facilities. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of (i) the amount necessary to pay the originally scheduled principal and interest components of the Base Rental Payments remaining unpaid and (ii) the fair rental value for the use and possession of the Leased Facilities not so damaged or destroyed. Abatement will continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the repair or replacement of the Leased Facilities so damaged or destroyed.

If a Leased Facility or less than the whole of a Leased Facility is taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, the rent due under the Sublease will be abated in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds.

Notwithstanding any provisions of the Sublease and the Trust Agreement specifying the extent of abatement in the event of eminent domain proceedings, such provisions may be superseded by operation of law, and in such event, the resulting Base Rental Payments of the City may not be sufficient to pay all of that portion of the remaining principal of and interest on the Series 2025 Bonds. In the event of any abatement, the City will have no obligation to pay abated Base Rental Payments from General Fund revenues or any other revenues of the City, and there is no remedy available to Bondowners arising from such abatement.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Leased Facilities is substantially higher or lower than its value at the time of the execution and delivery of the Series 2025 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2025 Bonds.

Developing Federal Immigration Enforcement Policies

It is not possible for the City to make any representation regarding the extent to which federal immigration enforcement policies could cause reduced economic activity within the City or the extent to which it may have in the future on General Fund revenues of the City, however, the effects of such actions could be material. See APPENDIX A—"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO—ECONOMIC AND DEMOGRAPHIC INFORMATION—Agriculture."

Risk of Earthquake and Other Natural Disasters

Earthquake. There are several active geological faults in the State that have potential to cause serious earthquakes that could result in damage within the City and to the Leased Facilities, buildings, roads, bridges, and other property.

While the City is not located in any existing Alquist-Priolo special study zone delineated by the State Division of Mines and Geology as an area of known active faults, it is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in the City, including the Leased Facilities.

Any natural disaster or other physical calamity, including earthquake, may have the effect of damaging the Leased Facilities, triggering an abatement and/or adversely impacting the economy of the City and the surrounding area. There is no requirement under the Sublease that earthquake insurance with respect to the Leased Facilities be obtained. See “THE LEASED FACILITIES–Seismicity” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS–Insurance.”

Flooding. In 2004 the U.S. Army Corps of Engineers (the “Corps of Engineers”) released and the Federal Emergency Management Agency, which administers the federal government’s flood insurance programs, approved a revised floodplain map indicating that while portions of the County are located within a 100-year floodplain (an area expected to be inundated during a flood event of the magnitude for which there is a 1% (or 1-in-100) probability of occurrence in any year), the City is not. The Fresno Metropolitan Flood District, a service agency created and supported by the City, the City of Clovis, and the County to provide flood control, urban storm drainage, and water resources management, attributes the reduced flood risk to the three dams and seven large detention basins that protect the Fresno/Clovis urban area, more than 700 miles of pipelines and more than 150 storm retention basins that divert excess water.

The floodplain maps are updated periodically, and while the City is not currently located within a floodplain, the City can make no representation that future maps will not be revised to include the City within an area deemed subject to flooding.

Wildfires. The State continues to battle devastating wildfires annually. According to recent research, California’s annual wildfire extent increased fivefold since the 1970’s. This trend is likely to continue, resulting in significant economic and public safety challenges for the State, the City, and the County.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. Research suggests that the State will experience hotter and drier conditions, reductions in winter snow, and increases in winter rains, sea level rise, significant changes to the water cycle, increased occurrences of extreme and unpredictable weather events, and increased catastrophic wildfires and severity of flood events. The compound impacts of which will affect economic systems throughout the State, the County, and the City. The City is unable to predict the impact that such laws and regulations, if adopted, and the effects of climate change will have on the General Fund revenues available to make Base Rental Payments. However, the effects could be material.

Drought. From 2012 through 2016, the State experienced “exceptional drought conditions” (the most severe drought classification) according to the U.S. Drought Monitor. Other notable historical droughts included 2007-09, 1987-92, 1976-77, and off-and-on dry conditions spanning more than a decade in the 1920s and 1930s.

Droughts may cause public health and safety impacts, as well as economic and environmental impacts. Public health and safety impacts are primarily associated with catastrophic wildfire risks and drinking water shortage risks for small water systems in rural areas and private residential wells. Examples of other impacts include costs to homeowners due to loss of residential landscaping, degradation of urban environments due to loss of landscaping, agricultural land fallowing and associated job loss, degradation of fishery habitat, and tree mortality with damage to forest ecosystems.

In order to mitigate the effects of a future drought, in 2018 the City completed construction of a surface water treatment facility (the “SWTF”) in the southeast area of the City. The SWTF purifies water that is obtained through the City’s rights to water from the San Joaquin and Kings rivers. In a “normal” hydrological year, these rights give the City access to enough water to meet all of its residents’ water needs. The use of the SWTF to meet the daily and annual water needs of the City results in little (if any) water being pumped out of the ground, thereby recharging the underground aquifer that exists in the San Joaquin Valley. That aquifer is then used to meet water needs during a drought situation.

It is not possible for the City to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the City or the extent to which droughts may have in the future on General Fund revenues of the City, however, as a major agribusiness, crop processing, and shipping center within the San Joaquin Valley, the effect of prolonged drought conditions could be material. See APPENDIX A–“FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–ECONOMIC AND DEMOGRAPHIC INFORMATION–Agriculture.”

Climate Change

General. The adoption by the State of the California Global Warming Solutions Act of 2006 (“Assembly Bill No. 32”) and subsequent companion bills demonstrate the commitment by the State to take action to reduce greenhouse gases (“GHG”) to 1990 levels by 2020 and to 80% below 1990 levels by 2050. The State Attorney General’s Office, in accordance with the terms of the Sustainable Communities and Climate Protection Act of 2008 requires local governments to examine local policies and large-scale planning efforts to determine how to reduce GHG emissions. Additionally, in 2016, the State adopted Senate Bill No. 32, which established a revised Statewide GHG emission reduction target of 40% below 1990 levels by 2030.

The State’s 100 Percent Clean Energy Act of 2018 establishes targets for making the State’s power sources emissions free by December 31, 2045. Achieving that goal will require the State to increase its renewable energy portfolio as a source of electricity and will require utility companies, including those companies from whom the City may purchase energy, to source energy from renewable zero-carbon resources.

City Climate Change Policy. Since the adoption by the City of its initial GHG plan in December 2014, several events affecting the initial GHG plan have occurred, including a decision by the California Supreme Court in 2015 on the Newhall Ranch Specific Plan holding, among other things, that consistency with the emissions-reduction goals contained in Assembly Bill No. 32 was an appropriate significant threshold for evaluating greenhouse gas emissions; adoption of Senate Bill No. 32; and adoption by the State of the 2017 Climate Change Scoping Plan, requiring quantitative summaries of the regulations needed to achieve the 2030 reduction target.

The City of Fresno GHG Reduction Plan Update (the “Plan”), most recently updated in March 2021, re-evaluates the City’s existing GHG reduction targets and strategies, provides new goals and supporting measures to reflect and ensure compliance with changes in local and State policies and establishes a comprehensive framework for reducing GHG emissions in alignment with Statewide climate goals. The Plan is designed to ensure that growth and development within the City occurs in a manner that is environmentally responsible, economically sustainable, and compliant with State and federal regulations. The Plan integrates local strategies with State mandates, such as Assembly Bill No. 32, Senate Bill No. 32, and the 2017 Climate Change Scoping Plan, to address the challenges and opportunities associated with climate change.

The key objectives of the Plan continue progress toward a 50% reduction in GHG below 1990

levels by 2020, in line with long-term State goals by 2035; support the State's ultimate goal of reducing emissions 80% below 1990 levels by 2050; promote land use patterns and transportation systems that minimize emissions; encourage infill development, higher density, and mixed-use projects to reduce vehicle miles traveled (VMT); provide a clear, consistent process for new development to demonstrate compliance with GHG reduction requirements under CEQA; enable streamlined environmental review for projects consistent with the Plan, among other objectives. The City reported that it met the GHG reduction objective in the Plan requiring a 50% reduction below 1990 levels by 2020.

The Plan is intended to position the City to meet or exceed State-mandated climate goals, reduce exposure to regulatory risk, and access funding opportunities tied to sustainability performance. The Plan supports economic development by encouraging efficient, future-ready infrastructure and by streamlining the approval process for compliant projects. It also demonstrates the commitment of the City to environmental stewardship, public health, and resilience in the face of climate change.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital technology and systems to conduct its operations. The City and its departments are potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, and other attacks on computers and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to City systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The City has created a Cybersecurity Division within its Information Services Department, which is responsible for the identification of and protection of cyber threats, ransomware, phishing, and viruses. The Cybersecurity Division has adopted security awareness training, incident response reporting protocols, business continuity planning, technical controls, and security policies, which are reviewed and updated periodically, to identify potential vulnerabilities and proactively mitigate them. The City maintains insurance coverage for cyber threat losses if a successful breach occurs, however, the City makes no representation that such insurance would be sufficient to cover all losses in the event of a material and sustained cyber breach. See APPENDIX A—"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO—FINANCIAL INFORMATION—Risk Management."

No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems of the City could have a material adverse impact on the operations and finances of the City and damage its digital networks and systems. The resulting impacts on the operations of the City and the costs of remedying any such damage could be material and result in a delay of payments of the Base Rental Payments or the ability of the City to timely comply with its reporting obligations under the Continuing Disclosure Certificate.

Hazardous Substances

In general, the owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) of the property is obligated to remedy a hazardous substance condition whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the finances of the City.

Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on City owned property of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it.

Although the City handles, uses, and stores and will handle, use and store certain hazardous substances, including but not limited to, solvents, paints, certain other chemicals on or near the Leased Facilities, the City knows of no existing hazardous substances which require remedial action on or near the Leased Facilities. However, it is possible that such substances do currently or potentially exist and that the City is not aware of them.

Insurance

The Sublease obligates the City to obtain and keep in force various forms of insurance or self-insurance, subject to deductibles, for repair or replacement of the Leased Facilities in the event of damage or destruction. The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Sublease, and no assurance can be given as to the adequacy of any such insurance to fund necessary repairs or replacements or to pay principal of and interest on the Series 2025 Bonds when due. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—Insurance.”

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Sublease and the Trust Agreement may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors’ rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the “Bankruptcy Code”). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Series 2025 Bonds; and (iv) the possibility of the adoption of a plan (an “Adjustment Plan”) for the adjustment of the City’s various obligations over the objections of the Trustee or all of the Owners of the Series 2025 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is “fair and equitable” and in the best interests of creditors. The adjustment of similar obligations was contested in federal bankruptcy court in connection with bankruptcy applications by the cities of San Bernardino and Stockton. Such litigation has been concluded by settlement of the parties. The Adjustment Plans in these cities, as confirmed by the respective courts, resulted in reductions or deferrals in the amounts payable by the cities under lease revenue obligations substantially identical to the Series 2025 Bonds. The City cannot predict the outcome of any California municipal bankruptcy case or any subsequent Adjustment Plan.

In addition, the City could either reject the Lease or the Sublease or assume the Lease or the Sublease despite any provision of the Lease or the Sublease that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Sublease, the Trustee, on behalf of the Owners of the Series 2025 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Series 2025 Bonds. Moreover, such rejection would terminate the Sublease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Sublease (or the Lease) to a third party, regardless of the terms of the transaction documents. If the City rejects the Lease, the Trustee, on behalf of the Owners of the Series 2025 Bonds, would have a pre-petition unsecured claim, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Series 2025 Bonds. Moreover, such rejection may terminate both the Lease and the obligations of the City to make payments thereunder.

The Authority is a public agency and, like the City, cannot be the subject of an involuntary case under the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. If the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Sublease and the Trust Agreement. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Series 2025 Bonds; and (iv) the possibility of the adoption of an Adjustment Plan for the adjustment of the Authority's various obligations over the objections of the Trustee or all of the Owners of the Series 2025 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is fair and equitable and in the best interests of creditors.

In addition, in a bankruptcy of the Authority, the assignment by the Authority to the Trustee of the Lease and the Sublease could be characterized as a pledge rather than an absolute assignment. Under such circumstances, the Authority may be able to either reject the Lease or the Sublease or assume the Lease or the Sublease despite any provision of the Lease or the Sublease that makes the bankruptcy or insolvency of the Authority an event of default thereunder. If the Authority rejects the Lease, the Trustee, on behalf of the Owners of the Series 2025 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Series 2025 Bonds. Moreover, such rejection would terminate both the Lease and the Sublease and the obligations of the City to make payments thereunder. If the Authority rejects the Sublease, the Trustee, on behalf of the Owners of the Series 2025 Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Series 2025 Bonds. Moreover, such rejection may terminate the Sublease and the City's obligations to make payments thereunder. The Authority may also be permitted to assign the Lease or the Sublease to a third party, regardless of the terms of the transaction documents.

All legal opinions with respect to the enforcement of the Lease, the Sublease and the Trust Agreement will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

If a bankruptcy case was commenced by either the Authority or the City, there may be delays in payments on the Series 2025 Bonds, and Owners could experience partial or total loss of their investment in the Series 2025 Bonds. The adjustment plans approved in connection with the bankruptcies of several California cities resulted in significant reductions in the amounts payable by those cities under their respective lease obligations. Regardless of any specific adverse determinations in a bankruptcy of the Authority or the City, a bankruptcy of the Authority or the City could have an adverse effect on the liquidity and value of the Series 2025 Bonds.

Loss of Tax Exemption of Series 2025A Bonds

As discussed under the caption “TAX MATTERS,” interest on the Series 2025A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2025A Bonds were issued, as a result of future acts or omissions of the Authority or the City in violation of their covenants in the Trust Agreement and the Sublease, respectively.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the General Fund revenues of the City and consequently, having an adverse effect on the security for the Series 2025 Bonds.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Series 2025 Bonds, and no representation is made concerning the existence of any secondary market for the Series 2025 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2025 Bonds, and no assurance can be given that the initial offering prices for the Series 2025 Bonds will continue for any period of time.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) is allocated on the basis of “sites” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The City is unable to predict the nature or magnitude of future revenue sources, which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this process was challenged in a lawsuit filed in the Orange County Superior Court and in similar lawsuits brought in other counties on the basis that the decrease in assessed value creates a new “base year value” for purposes of Article XIII A and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. In March 2004, the Court of Appeal held that the trial court erred in ruling that assessed value determinations are always limited to no more than 2% of the previous year’s assessed value and reversed the judgment of the trial court. The ruling of the Court of Appeal was appealed to the State Supreme Court which denied the appeal for review in August 2004.

Section 4 of Article XIII A also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors for initiatives placed on the ballot by governments and by a simple majority for initiatives placed on the ballot by voters, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City’s option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college (“K-14”) districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Article XIII B limits and the appropriations subject to limitation for the City for the last four Fiscal Years and budgeted for Fiscal Year 2025-26 are set forth below.

Fiscal Year	Article XIII B Limit	Appropriations Subject to Limitation
2021-22	\$703,261,565	\$392,183,191
2022-23	757,794,893	531,293,316
2023-24	792,628,147	528,840,833
2024-25	827,152,667	527,157,122
2025-26 [†]	887,816,838	516,404,189

[†] Budgeted.

Source: City of Fresno.

Proposition 218

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the California Constitution, which contain a number of provisions affecting the ability of cities and counties to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City Council to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements. In addition, Article XIII D contains new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. “Assessment” is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting “fees” and “charges,” defined for purposes of Article XIII D to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D, no property related fee or charge may be imposed or

increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIII C removed many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessment," "fee" and "charge" are not defined in Article XIII C, and it is not clear whether the definitions of these terms in Article XIII D (which are generally property related as described above) would be applied to Article XIII C. If the Article XIII D definitions are not held to apply to Article XIII C, the initiative power could potentially apply to revenue sources which currently constitute a substantial portion of General Fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

In addition, Proposition 218 added several requirements making it generally more difficult for counties and other local agencies to levy and maintain assessments for municipal services and programs.

Finally, Proposition 218 requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general government purposes of the City require a majority vote and taxes for specific purposes require a two-thirds vote. The voter approval requirements reduce the flexibility of the City Council to deal with fiscal problems by raising revenue and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

The City does not expect the provisions of Proposition 218 to materially impede its ability to make Base Rental Payments when due.

Proposition 1A

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A that amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to a county for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature

(instead of by majority vote). Finally, the measure prohibits the State from reducing the property tax revenues provided to a county as replacement for the local sales tax revenues redirected to the State and pledged to pay debt service on State deficit-related bonds approved by voters in March 2004.

If the State reduces the VLF rate below its current level of 0.65% of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. *First*, beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for their property tax losses, with interest, within three years. *Second*, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Beginning in Fiscal Year 2005-06, if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Proposition 26

On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in

which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

The City does not expect the provisions of Proposition 26 to materially impede its ability to make Base Rental Payments when due.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City's revenues or its ability to expend its revenues.

THE AUTHORITY

The Authority was formed pursuant to the Act and a Joint Exercise of Powers Agreement, dated October 25, 1988, as amended (the "Joint Powers Agreement"), by and between the City and the Agency. For additional information concerning the City, see APPENDIX A—"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO." The Authority was formed to assist the City and the Agency in the financing of public capital improvements.

The Authority functions as an independent entity and its policies are determined by a three-member Board appointed by the City Manager of the City, who serve at the pleasure of the City Manager until replaced. The Board elects the Chairperson from its membership. The Controller of the City presently serves as Treasurer and Controller of the Authority. Pursuant to the Joint Powers Agreement, a Secretary of the Authority is appointed by resolution. The Authority has no employees and the City staff or consultants perform all staff work.

Under the Joint Powers Agreement, the Authority is empowered to assist in the financing of public capital improvements, through the issuance of revenue bonds in accordance with the Act. To exercise these powers, the Authority is authorized, in its own name, to do all necessary acts including but not limited to any or all of the following: make and enter into contracts; employ agents and employees; and sue or be sued in its own name.

THE CITY

The City, the county seat of the County, was incorporated in 1885. As of January 1, 2020, the State Department of Finance estimated that the population of the City was approximately 546,000. The City covers approximately 111 square miles, and is located in central California approximately 184 miles southeast of the City of San Francisco and approximately 219 miles north of the City of Los Angeles.

For general information concerning the City, see APPENDIX A—"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO."

FINANCIAL STATEMENTS

The financial statements of the City for the Fiscal Year ended June 30, 2024, included in APPENDIX A of this Official Statement have been audited by The Pun Group, LLP (the “Auditor”). The audited financial statements have been included in this Official Statement in reliance upon the report of the Auditor. The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement.

The City is not required to obtain, and has not sought or obtained, the consent of the Auditor to include the audited financial statements in this Official Statement.

NO LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the execution and delivery of the Trust Agreement, the Series 2025 Bonds, the Master Lease, or the Sublease or in any way contesting or affecting the validity of the Series 2025 Bonds or any proceedings of the Authority or the City taken with respect to the issuance thereof.

In addition, there is no litigation pending or threatened against the Authority or the City which, in the opinion of the City Attorney, would materially affect the validity of the Trust Agreement, the Sublease or the Lease.

The City is engaged in routine litigation incidental to the conduct of its affairs. In the opinion of the City Attorney, the aggregate amounts recoverable against the City, taking into account insurance coverage, would not have a material adverse impact upon the financial condition of the City.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Series 2025B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

Series 2025A Bonds

To the extent the issue price of any maturity of the Series 2025A Bonds is less than the amount to be paid at maturity of such Series 2025A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025A Bonds), the difference constitutes “original issue

discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025A Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025A Bonds is the first price at which a substantial amount of such maturity of the Series 2025A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025A Bonds accrues daily over the term to maturity of such Series 2025A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025A Bonds. Beneficial Owners of the Series 2025A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025A Bonds is sold to the public.

Series 2025A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025A Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person), whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2025A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025A Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise

prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Series 2025A Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025A Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments on the Series 2025A Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2025A Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Series 2025B Bonds

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Series 2025B Bonds that acquire their Series 2025B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations

discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2025B Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2025B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2025B Bonds pursuant to this offering for the issue price that is applicable to such Series 2025B Bonds (i.e., the price at which a substantial amount of the Series 2025B Bonds are sold to the public) and who will hold their Series 2025B Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2025B Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2025B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series 2025B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2025B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2025B Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2025B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2025B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

[To the extent that the issue price of any maturity of the Series 2025B Bonds is less than the amount to be paid at maturity of such Series 2025B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025B Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Series 2025B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.]

Series 2025B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2025B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2025B Bond.

Sale or Other Taxable Disposition of the Series 2025B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2025B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2025B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2025B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2025B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2025B Bond, decreased by any amortized premium[, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2025B Bond]). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2025B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2025B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2025B Bonds. If the Authority defeases any Series 2025B Bond, the Series 2025B Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2025B Bond.

Information Reporting and Backup Withholding. Payments on the Series 2025B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2025B Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, *provided* that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other

reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2025B Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2025B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN LEGAL MATTERS

The validity of the Series 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is attached hereto as APPENDIX D. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City and for the City and the Authority by ArentFox Schiff LLP, San Francisco, California, as Disclosure Counsel. Anzel Galvan LLP, San Francisco, California is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter’s Counsel is contingent upon sale and delivery of the Series 2025 Bonds.

RATINGS

S&P Global Ratings (“S&P”) is expected to assign its municipal bond rating of “__” to the Insured Series 2025 Bonds with the understanding that upon delivery of the Insured Series 2025 Bonds, the Policy will be delivered by the Bond Insurer. See “BOND INSURANCE” and APPENDIX G–“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” S&P has assigned uninsured rating of “__” to the Series 2025 Bonds. Such ratings were based in part upon information provided by the Authority and the City.

A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2025 Bonds. An explanation of the significance of each rating may be obtained from the rating agencies at the following addresses: S&P Global Services, 55 Water Street, New York, New York 10041. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by either rating agency if, in its judgment, circumstances so warrant. The Authority undertakes no responsibility to oppose any such revision or withdrawal but the Authority will comply with notification requirements. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Series 2025 Bonds.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement with respect to the Series 2025 Bonds, dated _____, 2025 (the “Purchase Agreement”), by and among the Authority, the City, and Loop Capital Markets LLC (the “Underwriter”), the Underwriter will purchase all of the Series 2025 Bonds, if any are purchased. The obligation of the Underwriter to make such purchase is subject to the terms and conditions set forth in the Purchase Agreement.

The Underwriter purchased the Series 2025A Bonds at a price of \$_____ (which represents the aggregate principal amount of the Series 2025A Bonds plus an aggregate original issue premium in the amount of \$_____ and less an aggregate Underwriter’s discount in the amount of \$_____). The Underwriter purchased the Series 2025B Bonds at a price of \$_____ (which represents the aggregate principal amount of the Series 2025B Bonds less an aggregate Underwriter’s discount in the amount of \$_____).

The Underwriter may change the initial public offering prices and yields set forth on the inside cover pages of this Official Statement. The Underwriter may offer and sell the Series 2025 Bonds to certain dealers and others at prices lower or yields higher than the public offering prices and yields set forth on the inside cover pages hereof.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, Berkeley, California, has served as Municipal Advisor to the Authority and the City with respect to the issuance and sale of the Series 2025 Bonds. The Municipal Advisor has assisted the Authority and the City in the review of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Series 2025 Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Authority or the City to determine the accuracy or completeness of this Official Statement. Due to its limited participation, the Municipal Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation from the Authority contingent upon the sale and delivery of the Series 2025 Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners and Beneficial Owners to provide certain financial information and operating data for each Fiscal Year not later than March 31 of each year (or the next succeeding business day, if such day is not a business day), commencing March 31, 2026 (each, an “Annual Report”) and notices of the occurrence of certain specified events. The Annual Reports and the notices of the occurrence of certain specified events will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access site (“EMMA”).

The specific nature of the information to be contained in the Annual Reports and the notices of specified events is set forth in APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”).

In the last five years, the City failed to file a notice of failure to file the Fiscal Year 2024-25 budget, as required by the respective continuing disclosure undertakings, in connection with the following bonds:

- Lease Revenue Bonds (Master Lease Projects), Series 2020A
- Lease Revenue Bonds (Master Lease Projects), Series 2017A
- Lease Revenue Bonds (Various Capital Projects), Series 2004A, Series 2004B, and 2004C (Federally Taxable)

The City made remedial filings on EMMA with respect to these bonds on June 26, 2025 and August 5, 2025.

The City has a disclosure policy under which an official within the Finance Department (the “Disclosure Official”) undertakes all responsibility for continuing disclosure. The City retains the services of an outside disclosure consultant to prepare and, following review by the Disclosure Official, file on EMMA the City’s Annual Report. The Disclosure Official prepares and files on EMMA notices of specified events and consults with the City’s disclosure consultant and/or disclosure counsel, as such person deems appropriate, to prepare such notices. Following each filing on EMMA, the Disclosure Official verifies on EMMA that such filing was appropriately posted.

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MISCELLANEOUS

Brief descriptions of the Series 2025 Bonds, the Trust Agreement, the Sublease, the Lease, the Series 2025 Projects, the Leased Facilities, the Authority, and the City are included in this Official Statement. The summaries of and references to all documents, entities, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are available for inspection at the administrative offices of the City.

All data contained herein have been taken or constructed from City records and other sources. Appropriate City officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. Authorized officers of the Authority and the City will execute certificates to this effect upon delivery of the Series 2025 Bonds. This Official Statement and its distribution have been duly authorized and approved by the Authority and the City.

FRESNO JOINT POWERS FINANCING AUTHORITY

By: _____
Jerry P. Dyer, Chair

CITY OF FRESNO

By: _____
Santino Danisi, Finance Director/City Controller

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO

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FINANCIAL INFORMATION

Certain statements contained in this Appendix A are “forward-looking statements.” Particularly because of the evolving nature of the current public health crisis, no assurance can be given that any estimates of future impact discussed herein will be achieved, and actual results may differ materially from the potential impact described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe,” “budget” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements in this Appendix A are expressly qualified in their entirety by this cautionary statement. In addition, this Appendix A sets forth general information concerning historic economic and demographic conditions in the City of Fresno (the “City”) and reflects information available as of the dated dates stated herein. It is not possible to predict whether the trends shown herein will continue in the future, particularly in light of the current public health crisis.

Impact of COVID-19

General. COVID-19 and its variants continue to have lingering impacts throughout the world, including in the United States, the State of California (the “State”), the County of Fresno (the “County”), and the City. The COVID-19 pandemic significantly affected capital markets and national, State and local economies. Unemployment has declined significantly nationwide, and the State experienced a strong labor market recovery following the pandemic. The City’s economy has remained resilient. Nonetheless, concerns over developing federal policies, inflation and a tighter monetary policy may pose challenges to future growth.

The City received one-time federal and State funding to address the health and economic impacts of the COVID-19 pandemic. Major funding sources included Coronavirus Aid, Relief and Economic Security (CARES) Act, American Rescue Plan Act (ARPA), Emergency Rental Assistance Program (ERAP), and Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) allocations, supporting a wide range of programs such as public health services, housing assistance, transportation operations, and economic relief. Below is a table summarizing the remaining unspent funds. Such funds are required to be spent in accordance with their respective spending timelines and are not available to pay debt service on the Series 2025 Bonds

Table A-1
City of Fresno
One-Time Federal and State COVID-Related Funding Sources Remaining Unspent
as of June 6, 2025

<u>Funding Source</u>	<u>Amount Received</u>	<u>Amount Unspent</u>
Community Development Block Grant- Coronavirus (CARES)	\$7.9 million	\$2.4 million
ARPA	\$178.0 million	\$35.3 million
HOME-ARP (ARPA)	\$11.9 million	\$11.6 million

Source: City of Fresno Finance Department.

Budget Process

General. The Fiscal Year of the City begins on the July 1 each year and ends on June 30 of the following year.

To develop the annual budget, each department head must furnish the Mayor an estimate of revenues and expenditures for such department for the coming Fiscal Year. In preparing the proposed budget, the Mayor reviews the estimates, holds conferences with the respective department heads, and revises the estimates as he deems advisable.

At least 30 days prior to the beginning of each Fiscal Year, the Mayor submits to the City Council the proposed budget for such Fiscal Year. The City Council establishes a calendar for holding the first public hearing. Notice of the public hearing is published at least ten days prior to the hearing date. Copies of the proposed budget are available for inspection by the public in the office of the City Clerk at least 10 days before the hearing.

At the conclusion of the public hearing process, the City Council further considers the proposed budget and makes any revisions it deems advisable. On or before June 30 of each year, the City Council adopts the budget with revisions, if any, by resolution passed by four of its seven members.

The Mayor has power of veto in all actions of the City Council relating to the budget, including line item budgetary veto authority over all programs and budgetary units. This authority includes the ability to reduce or eliminate the Fiscal Year funding of any program or budget unit.

The City Council may reconsider any action subject to the Mayor's veto. If five members of the City Council vote in favor of passage, it becomes effective notwithstanding the Mayor's veto.

From the effective date of the budget, the amounts stated as proposed expenditures become appropriated to the departments, offices and agencies for the objects and purposes specified. All appropriations lapse at the end of the Fiscal Year to the extent that they have not been expended or lawfully encumbered.

At any public meeting after adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative vote of at least five members of the seven-member City Council. Again, the Mayor retains veto authority over such actions and if so exercised the City Council may override the Mayor's veto with five affirmative votes. A mid-year budget review update as provided and presented to the City Council highlighting the fiscal year's financial performance and plans to adjust for any shortfalls or surpluses.

Recent General Fund Budgets

Fiscal Year 2024-25 Budget. The Fiscal Year 2024–25 Adopted Budget continued to advance the ONE FRESNO vision—promoting and implementing an inclusive, prosperous, and beautiful city where residents take pride in their neighborhoods and community. Like many comparable cities that were navigating economic uncertainty, the City faced significant budgetary challenges. At a City Council workshop in March 2024, the Mayor reported a projected shortfall of \$37–\$40 million that ultimately grew to nearly \$47 million.

This budget gap was attributed to several factors, including inflation, increased energy costs, rising workers' compensation and pension costs, and higher liability insurance premiums. Additionally, one-time

federal relief funds received during the pandemic—used to supplement the City’s budget and expand service levels since 2020 continued to be drawn down and will need to be expended by December 2026.

In response, the Fiscal Year 2024–25 Adopted Budget prioritized fiscal balance through a suite of strategies, including cost containment measures, revenue enhancements, and the potential restructuring of service levels. Specifically, the City utilized \$17.5 million in American Rescue Plan Act (ARPA) funds to cover eligible expenses and mitigate revenue losses. Additional measures included reducing employee costs through attrition, leveraging master leasing to cost-effectively acquire capital equipment and reduce up-front capital expenditures, and implementing departmental budget reductions of up to 3%.

The Fiscal Year 2024-25 mid-year budget review presented to the City Council on February 13, 2025 reflected a \$5.5 million decrease in projected annual operating revenues, largely due to a downward revision of sales tax projections—anticipated to decline by \$4.5 million compared to the original Adopted Budget. However, these revenue losses were partially offset by increases in projected revenues from franchise fees, charges for current services, property taxes, and transient occupancy taxes (room tax). In addition, total estimated operating costs for Fiscal Year 2024–25 are expected to decrease by approximately \$10.2 million, or 2.1% compared to the Adopted Budget, primarily due to ongoing departmental base budget reductions and savings achieved through attrition.

General Fund estimated operating revenues for Fiscal Year 2024–25 were projected to decrease by \$5.0 million compared to the Fiscal Year 2024–25 Revised Budget (from \$480.5 million to \$475.4 million), due mostly to estimated sales tax collections decreasing by \$7.4 million. However, Fiscal Year 2024-25 revenues are still anticipated to exceed Fiscal Year 2023–24 actuals by \$4.1 million, primarily driven by a projected \$10.3 million increase in property tax revenue. The General Fund Emergency Reserve for June 30, 2025 is estimated to be \$47.6 million. In addition, the General Fund operating ending fund balance for Fiscal Year 2024-25 is estimated at \$26.0 million.

Fiscal Year 2025-26 Budget. In March 2025, the City projected a \$20.6 million General Fund operating budget deficit, with expectations of an even greater shortfall in Fiscal Year 2025-26 without corrective action. In response, the City implemented a series of cost-saving measures and revenue-enhancement strategies to reduce the deficit. These efforts included eliminating non-essential positions, defunding certain initiatives, and making strategic adjustments to Fiscal Year 2024-25 and Fiscal Year 2025-26 projections. Despite the challenges, the City remains committed to long-term fiscal sustainability and has prioritized operational flexibility.

On May 14, 2025, the Mayor announced the Fiscal Year 2025-26 budget proposal, totaling \$2.36 billion and presented an overview to City Council on May 15, 2025. Contending with a combination of external economic pressures, rising operational costs, and internal budgetary realignment, the proposed budget demonstrated the City’s commitment to fiscal responsibility while prioritizing essential services. Through a variety of strategies, as discussed in more detail below, the Mayor presented a balanced Proposed Budget emphasizing the City’s continued long-term fiscal stability – a result of prudent financial management and a diversified economic base.

The administration explored and implemented aggressive strategies to improve the budget while maintaining essential services. These strategies include the continued utilization of ARPA funds, attrition savings (6.18% reduction), department budget reductions, better utilization of restricted or grant resources, and a continued shift to leasing vehicles and equipment instead of outright acquisition, reducing upfront capital expenditures.

Subsequent to the Mayor’s budget proposal, budget hearings were conducted over four days, from June 2 to June 5, 2025. The City Council voted on proposed budget motions on June 10, 2025, and final

adoption of the Fiscal Year 2025-26 budget occurred during a City Council meeting on June 17, 2025. The final Fiscal Year 2025-26 Adopted Budget totals \$2.36 billion of which the General Fund totals \$533.8 million.

Financial Statements

The government-wide financial statements (*i.e.* the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. See APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Table A-2 summarizes the City's audited General Fund balance sheet for Fiscal Years 2019-20 through 2023-24.

Table A-2
City of Fresno
General Fund Balance Sheet
Fiscal Year 2019-20 through Fiscal Year 2023-24
(\$ in thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
ASSETS					
Cash and Investments ⁽¹⁾	\$23,614	\$54,681	\$47,810	\$51,698	\$44,225
Receivables, Net	15,424	17,920	18,207	33,937	24,844
Grants Receivable	6	6	180	54	—
Intergovernmental Receivables	37,088	43,490	42,676	39,286	41,948
Due From Other Funds	2,733	6,206	14,591	16,628	8,520
Restricted Cash	37,718	40,655	48,180	54,109	58,523
Other Assets	—	—	—	—	632
TOTAL ASSETS	116,583	162,958	171,644	195,712	178,692
LIABILITIES					
Accrued Liabilities	9,176	12,677	12,835	17,102	16,343
Unearned Revenue	2,972	3,298	4,101	5,818	2,318
Due to Other Funds	805	1,084	1,100	3,080	4,107
Advances From Other Funds	2,132	11,497	10,862	227	751
Deposits From Others	13	9,416	14,881	16,875	17,968
TOTAL LIABILITIES	15,098	37,972	43,779	43,102	41,487
DEFERRED INFLOWS OF RESOURCES⁽²⁾					
Unavailable Revenue – Property Tax	8,767	5,997	4,276	3,515	—
Unavailable Revenue – Other	16,790	16,046	18,898	21,712	28,166 [†]
TOTAL DEFERRED INFLOWS OF RESOURCES	25,557	22,043	23,174	25,227	28,166
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	6	—	—	—	—
Committed ⁽³⁾	37,718	40,655	48,360	54,466	58,980
Assigned	5,158	19,249	19,215	18,633	11,025
Unassigned	33,046	43,039	37,116	54,284	39,034
TOTAL FUND BALANCES	75,928	102,943	104,691	127,383	109,039
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$116,583	\$162,958	\$171,644	\$195,712	178,692

(1) Increase in Cash and Investment from Fiscal Year 2019-2020 to 2020-2021 due to one-time COVID funding.

(2) Represents amounts earned but not available or collectable in the near future. "Unavailable" revenues do not qualify for recognition as revenue within a governmental fund because they are not yet considered to be available to meet current obligations.

(3) Includes Emergency Reserve amounts. See Table A-3-General Fund Emergency Reserve.

Source: City of Fresno Finance Department Financial Reports.

Table A-3 summarizes the General Fund Emergency Reserves for Fiscal Years 2020-21 through 2023-24, Fiscal Year 2024-25 (Estimated), and Adopted Budget Fiscal Year 2025-26 (which amounts are included in “Committed Fund Balance” in Table A-2).

Table A-3
City of Fresno
General Fund Emergency Reserve
Fiscal Years 2020-21 through 2023-24, Fiscal Year 2024-25 (Estimated), and
Adopted Budget Fiscal Year 2025-26
(\$ in thousands)

	2020-21	2021-22	2022-23	2023-24	Estimated 2024-25	Adopted Budget 2025-26
Emergency Reserve [†]	\$35,707	\$39,913	\$44,183	\$46,720	\$47,665	\$47,665
Percentage of Total Expenditures and Transfers Out	8.40%	9.63%	9.90%	9.48%	9.79%	8.62%

[†] See “—Fiscal Management Policies—*Reserve Management Act*.”
Source: City of Fresno Finance Department.

Table A-4 summarizes the City's audited General Fund revenues and expenditures for Fiscal Years 2020-21 through 2023-24, Fiscal Year 2024-25 (estimated), and the Adopted Budget for Fiscal Year 2025-26.

Table A-4
City of Fresno
General Fund Revenues and Expenditures and Changes in Fund Balances
Fiscal Years 2020-21 through 2023-24, Fiscal Year 2024-25 (Estimated), and
Adopted Budget Fiscal Year 2025-26
(\$ in thousands)

	2020-21	2021-22	2022-23	2023-24	Estimated 2024-25	Adopted Budget 2025-26
REVENUES:						
Taxes ⁽¹⁾	\$325,650	\$360,831	\$380,910	\$398,695	\$401,296	\$418,468
Licenses and Permits	9,276	8,332	9,064	9,746	9,702	10,007
Intergovernmental	5,988	5,398	2,967	3,266	2,233	1,664
Charges for Services	32,682	32,292	40,072	34,977	45,938	49,500
Fines and Forfeitures, Penalties	1,792	2,726	2,482	3,122	3,125	2,929
Use of Money and Property	634	(3,213)	4,489	8,339	3,426	4,214
Miscellaneous	960	1,191	3,204	893	6,606	26,525
TOTAL REVENUES	376,982	407,557	443,188	459,038	472,326	513,307
EXPENDITURES:						
General Government	58,611	27,126	37,298	49,768	57,579	64,104
Public Protection	250,469	263,159	281,813	315,866	312,462	346,689
Public Ways and Facilities	7,909	11,311	18,604	16,033	16,916	22,151
Culture and Recreation	23,749	16,722	19,825	22,132	20,581	21,120
Community Development	31,217	33,443	37,633	38,467	45,001	67,763
Capital Outlay ⁽²⁾	13,360	19,645	4,548	10,816	5,255	6,564
Debt Service ⁽³⁾ :						
Principal	2,354	2,580	2,633	3,414	4,215	4,427
Interest	410	389	555	571	864	939
TOTAL EXPENDITURES	388,079	374,375	402,909	457,067	462,873	533,757
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,097)⁽⁴⁾	33,182	40,279	1,971	9,453	(20,450)
OTHER FINANCING SOURCES (USES)						
Transfers In	74,987 ⁽⁵⁾	8,587	25,599	6,308	7,351	6,694
Transfers Out ⁽⁶⁾	(36,958)	(40,021)	(43,186)	(35,526)	(24,049)	(19,384)
Capital Lease Financing	83	—	—	8,903	—	—
Sale of Capital Assets	—	—	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES):	38,112	(31,434)	(17,587)	(20,315)	(16,698)	(12,690)
Loss of Receivable	—	—	—	—	—	—
Net Changes in Fund Balances	27,015	1,748	22,692	(18,344)	(7,245)	(33,140)
FUND BALANCES - BEGINNING, RESTATED	75,928	102,943	104,691	127,383	109,039	101,623
FUND BALANCES - ENDING	\$102,943	\$104,691	\$127,383	\$109,039	\$101,794	\$68,483

(1) See Table A-5—"General Fund Revenue Summary" for the components comprising "Taxes."

(2) Represents capital expenditures.

(3) Represents debt service payable on capital leases.

(4) Increases due to CAREs Act expenses.

(5) Increases due to CAREs Act reimbursements reimbursing General Fund for eligible expenses.

(6) Includes debt service payable on outstanding General Fund Obligations. See "—Long-Term General Fund Obligations

Source: City of Fresno Finance Department.

State Budgets

Approximately 59% of the City's General Fund Budget consists of payments collected by the State and passed-through to local governments or collected by the County and allocated to local governments by State law. Therefore, changes in the financial condition of the State has an impact on the level of these revenues. In past years the State has reduced revenues to cities and counties to help solve the State's budget problems. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A."

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2024-25 and Fiscal Year 2025-26 State Budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Impartial analyses of the State's Budgets are posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and neither of the City nor the Underwriter take responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The City cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control. See also "CERTAIN RISKS TO BONDHOLDERS'—Dependence on State for Certain Revenues."

Principal Sources of General Fund Revenues

Property tax revenues are the single largest revenue source to the General Fund, representing approximately 40.6% of Fiscal Year 2024-25 Revised Budget operating revenues and sales taxes representing approximately 32.5%. These two sources represented an aggregate of approximately 73.1% of estimated General Fund operating revenues for Fiscal Year 2024-25. For a discussion of property taxes and sales taxes, see "*Ad Valorem* Property Taxation and "*Sales Tax*."

For Fiscal Year 2025-26, property taxes are budgeted at \$202.6 million (an increase of approximately 6.2% compared to estimated Fiscal Year 2024-25 property taxes), representing approximately 41.8% of General Fund operating revenues, and sales taxes are budgeted at \$148.7 (an increase of approximately 2.4% compared to estimated Fiscal Year 2024-25 sales taxes), representing approximately 30.7% of General Fund operating revenues. These two sources are estimated to represent an aggregate of approximately 72.5% of the budgeted General Fund operating revenues for Fiscal Year 2025-26.

Actual total General Fund revenues for Fiscal Years 2020-21 through 2023-24, together with the estimated projections for Fiscal Year 2024-25 and the Adopted Budget figures for Fiscal Year 2025-26, and the approximate percentages of the City's total General Fund revenues, are presented in Table A-5.

Table A-5
City of Fresno
General Fund Revenue Summary
Fiscal Years 2021 through 2023-24 Actuals,
Fiscal Year 2024-25 Revised Budget, Fiscal Year 2024-25 (Estimated) and Fiscal Year 2025-26 Adopted Budget
(\$ in thousands)

Revenues	Actual 2021-22		Actual 2022-23		Actual 2023-24		Estimated 2024-25		Adopted Budget 2025-26 ⁽¹⁾	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Property Taxes ⁽²⁾										
1% Ad Valorem	\$88,991	21.84%	\$97,436	21.99%	\$104,670	22.80%	\$110,116	23.31%	\$117,047	22.80%
Property Tax Override	14,370	3.53	14,072	3.18	16,419	3.58	17,813	3.77	18,837	3.67
Motor Vehicle In-Lieu	51,342	12.60	55,151	12.44	59,426	12.95	62,869	13.31	66,774	13.01
SUBTOTAL PROPERTY TAXES	154,703	37.97	166,659	37.61	180,515	39.33	190,798	40.39	202,658	39.48
Sales Tax ⁽³⁾	148,530	36.44	150,628	33.99	151,700	33.05	145,260	30.75	148,766	28.98
Room Tax	15,205	3.73	16,454	3.71	15,604	3.40	15,998	3.39	16,478	3.21
Franchise Tax ⁽⁴⁾	17,523	4.30	19,111	4.31	22,343	4.87	22,973	4.86	23,748	4.63
Business Tax ⁽⁵⁾	21,342	5.24	25,837	5.83	26,054	5.68	23,485	4.97	23,980	4.67
Other Taxes	3,528	0.87	2,221	0.50	2,479	0.53	2,782	0.59	2,838	0.55
SUBTOTAL	206,128	50.58	214,251	48.34	218,180	47.53	210,498	44.57	215,810	42.04
SUBTOTAL TAXES	360,831	88.55	380,910	85.95	398,695	86.86	401,296	84.96	418,468	81.52
Licenses and Permits	8,332	2.04	9,064	2.05	9,746	2.12	9,702	2.05	10,007	1.95
Intergovernmental ⁽⁶⁾	5,398	1.32	2,967	0.67	3,266	0.71	2,233	0.47	1,664	0.32
Charges for Services ⁽⁷⁾	32,292	7.92	40,072	9.04	34,977	7.62	45,938	9.73	49,500	9.64
Fines	2,726	0.67	2,482	0.56	3,122	0.68	3,125	0.66	2,929	0.57
Use of Money and Property	(3,213)	(0.79)	4,489	1.01	8,339	1.82	3,426	0.73	4,214	0.82
Miscellaneous	1,191	0.29	3,204	0.72	893	0.19	6,606	1.40	26,525	5.17
SUBTOTAL	46,726	49.42	62,278	14.05	60,343	13.14	71,030	15.04	94,839	18.48
TOTAL	\$407,557	100.00%	\$443,188	100.00%	\$459,038	100.00%	\$472,326	100.00%	\$513,307	100.00%

(1) See also “–Budget Process–Fiscal Year 2025-26 Budget Process.”

(2) See “–Assessed Valuation; Ad Valorem Property Tax.” and “–Property Tax Override for Pension Contributions.” Property Tax Override revenues are not available to pay debt service on the Series 2025 Bonds.

(3) See “–Sales and Use Taxes.” Does not include Measure C or Measure P revenues. For a description of Measure C and Measure P, see “FINANCIAL INFORMATION–Measure C” and “–Measure P.”

(4) Consists of taxes charged for telecommunication, solid waste, and utility services.

(5) Consists of taxes and fees paid by businesses.

(6) Intergovernmental revenues include amounts received from federal, State, and other governmental entities.

(7) See “–Charges for Services.”

Source: City of Fresno Finance Department.

Assessed Valuation; *Ad Valorem* Property Tax

Assessed Valuation. The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution.

The California State Legislature adopted in 1969 the Homeowners Property Tax Relief Program, which provides an exemption of \$7,000 of the full value of the owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due on such exempt value and is not reduced by an amount for estimated or actual delinquencies.

Certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Total assessed valuation of taxable property (secured and unsecured) within the City for the past 10 years is set forth in Table A-6.

Table A-6
City of Fresno
Assessed Value of Taxable Property⁽¹⁾
Last 10 Fiscal Years

Fiscal Year	Secured ⁽²⁾	Unsecured	Total Taxable Assessed Valuation⁽¹⁾	% Change
2015-16	\$30,026,361,027	\$1,500,061,596	\$31,526,422,623	4.80%
2016-17	31,344,820,623	1,596,315,117	32,941,135,740	4.49
2017-18	32,837,504,668	1,616,397,886	34,453,902,554	4.59
2018-19	34,713,392,408	1,899,808,202	36,613,200,610	6.27
2019-20	36,659,070,484	1,899,510,831	38,558,581,315	5.31
2020-21	38,644,667,812	2,225,286,118	40,869,953,930	5.99
2021-22	40,198,896,767	2,181,351,026	42,380,247,793	3.70
2022-23	43,203,054,898	2,540,898,809	45,743,953,707	7.94
2023-24	46,333,291,258	2,956,701,021	49,289,992,279	7.75
2024-25	49,007,545,913	3,137,898,756	52,145,444,669	5.79

(1) Includes secured and unsecured property.

(2) Includes utility properties.

Source: *County of Fresno Tax Rate Book*.

Assessed Valuation and Parcel by Land Use. Set forth in Table A-7 below is the assessed valuation of parcels by land use for Fiscal Year 2024-25.

Table A-7
City of Fresno
Assessed Valuation of Parcels by Land Use
Fiscal Year 2024-25

	<u>2024-25</u> <u>Assessed Valuation ⁽¹⁾</u>	<u>% of</u> <u>Total</u>	<u>No. of</u> <u>Parcels</u>	<u>% of</u> <u>Total</u>
Non-Residential:				
Agricultural	\$ 57,661,266	0.12%	307	0.21%
Commercial/Office	8,400,751,581	17.15	6,224	4.29
Vacant Commercial	296,004,264	0.60	1,112	0.77
Industrial	3,702,193,798	7.56	2,571	1.77
Vacant Industrial	118,285,863	0.24	588	0.41
Government/Social/Institutional	18,950,379	0.04	554	0.38
Miscellaneous	<u>4,772,017</u>	<u>0.01</u>	<u>24</u>	<u>0.02</u>
Subtotal Non-Residential	\$12,598,619,168	25.71%	11,380	7.84%
Residential:				
Single Family Residence	\$29,814,210,110	60.85%	111,367	76.77%
Condominium/Townhome	1,530,949,560	3.12	10,477	7.22
Mobile Home	226,857,277	0.46	3,830	2.64
Mobile Home Park	27,226,191	0.06	7	0.00
2-4 Residential Units	736,634,186	1.50	3,184	2.19
5+ Residential Units/Apartments	3,293,022,929	6.72	1,259	0.87
Vacant Residential	<u>769,914,096</u>	<u>1.57</u>	<u>3,564</u>	<u>2.46</u>
Subtotal Residential	\$36,398,814,349	74.29%	133,688	92.16%
 TOTAL	 \$48,997,433,517	 100.00%	 145,068	 100.00%

(1) Total Secured Assessed Valuation; excluding tax-exempt property and utility property.

Source: California Municipal Statistics, Inc.

Per-Parcel Assessed Valuation of Single Family Residences. Approximately 60.85% of the City's Fiscal Year 2024-25 assessed valuation is based on single family residences only. Set forth in Table A-8 below is the per-parcel assessed valuation of single family residences for Fiscal Year 2024-25. Realtor.com estimates that the median single family home sales price in the City in June 2025 was approximately \$420,000.

Table A-8
City of Fresno
Per Parcel Assessed Valuation of Single Family Homes[†]
Fiscal Year 2024-25

Single Family Residential	No. of Parcels	2024-25 Assessed Valuation		Average Assessed Valuation	Median Assessed Valuation	
	111,367	\$29,814,210,110		\$267,711	\$235,525	
2024-25 Assessed Valuation	No. of Parcels [†]	% of Total	Cumulative % of Total	Total Valuation [†]	% of Total	Cumulative % of Total
\$0 - \$49,999	3,251	2.919%	2.919%	\$ 124,707,490	0.418%	0.418%
\$50,000 - \$99,999	12,206	10.960	13.879	937,839,086	3.146	3.564
\$100,000 - \$149,999	14,643	13.148	27.028	1,828,458,158	6.133	9.697
\$150,000 - \$199,999	15,205	13.653	40.681	2,658,858,043	8.918	18.615
\$200,000 - \$249,999	14,192	12.743	53.424	3,183,582,776	10.678	29.293
\$250,000 - \$299,999	13,458	12.084	65.509	3,698,207,590	12.404	41.697
\$300,000 - \$349,999	11,727	10.530	76.039	3,797,924,222	12.739	54.436
\$350,000 - \$399,999	8,644	7.762	83.800	3,230,078,849	10.834	65.270
\$400,000 - \$449,999	6,035	5.419	89.219	2,554,979,068	8.570	73.839
\$450,000 - \$499,999	3,751	3.368	92.588	1,774,285,179	5.951	79.791
\$500,000 - \$549,999	2,308	2.072	94.660	1,207,365,608	4.050	83.840
\$550,000 - \$599,999	1,504	1.350	96.010	861,660,491	2.890	86.730
\$600,000 - \$649,999	939	0.843	96.854	584,159,066	1.959	88.690
\$650,000 - \$699,999	656	0.589	97.443	441,897,937	1.482	90.172
\$700,000 - \$749,999	488	0.438	97.881	352,890,792	1.184	91.355
\$750,000 - \$799,999	408	0.366	98.247	316,161,607	1.060	92.416
\$800,000 - \$849,999	323	0.290	98.537	266,313,011	0.893	93.309
\$850,000 - \$899,999	273	0.245	98.782	238,518,913	0.800	94.109
\$900,000 - \$949,999	203	0.182	98.965	187,675,511	0.629	94.739
\$950,000 - \$999,999	152	0.136	99.101	148,072,837	0.497	95.235
\$1,000,000 and greater	<u>1,001</u>	<u>0.899</u>	100.000	<u>1,420,573,876</u>	<u>4.765</u>	100.000
	111,367	100.000%		\$29,814,210,110	100.000%	

[†] Includes only the assessed values for improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Table A-9 sets forth the City’s principal secured taxable property owners by valuation for Fiscal Year 2024-25.

Table A-9
City of Fresno
Principal Secured Taxable Property Owners by Valuation
Fiscal Year 2024-25

Taxpayer	Type of Business	2024-25 Secured Assessed Value	% of Total Secured Assessed Value
River Park Properties	Shopping Center	\$ 200,059,894	0.41%
Macerich Fresno LP	Shopping Center	162,669,778	0.33
Gap Inc.	Industrial	152,540,300	0.31
E & J Gallo Winery	Winery	149,043,064	0.30
Meganova LP	Apartments	132,571,166	0.27
DPML Orange LLC	Industrial	129,540,000	0.26
RPI Fig Garden LP	Shopping Center	104,121,470	0.21
Fresno Supreme Inc.	Apartments	99,302,458	0.20
Lyons Magnus Inc.	Industrial	98,608,282	0.20
Foster Poultry Farms	Industrial	88,448,599	0.18
Fresno CA I FGF LLC	Office Building	84,272,400	0.17
Oak View Apts LP	Apartments	83,541,110	0.17
Giganova LP	Apartments	80,240,079	0.16
Wal-Mart Real Estate Business Trust	Commercial	77,646,447	0.16
NMSBPCLDHB	Office Building	72,106,222	0.15
Copper River Apartments	Apartments	67,098,250	0.14
David H. Hussain	Apartments	63,987,198	0.13
Villagio Shopping Center LLC	Shopping Center	63,179,387	0.13
Zorro Leasing LLC	Industrial	62,252,794	0.13
Cedar & Shepherd LP	Apartments	61,153,705	0.12
SUBTOTAL PRINCIPAL TAXPAYERS		<u>\$2,032,382,603</u>	<u>4.15</u>
All Others	Various	<u>46,965,050,914</u>	<u>98.85</u>
TOTAL		\$48,997,433,517	100.00%

Sources: Fresno County Assessor’s Office; Avenue Insights & Analytics and California Municipal Statistics, Inc., as compiled by Willdan Financial Services; 2024/25 Local Secured Total, and California Municipal Statistics, Inc.

Appeals to Assessed Valuation. Under the California Constitution, property owners may protest the assessed value of their property to the County Assessment Appeals Board (the “AAB”). The AAB has jurisdiction to determine a property’s full value and may raise or lower a property’s assessed valuation, thereby affecting the amount of property taxes payable by the property owner for the tax year in question as well as future tax years. Annually, the County evaluates the protests filed by property owners and maintains, based on the opinion of County Counsel, adequate reserves to fund significant tax refunds in the event of a successful protest.

A property owner may apply for a Proposition 8 reduction of the *ad valorem* property tax assessment for such owner’s property by filing a written application, in the form prescribed by the State Board of Equalization, with the applicable county assessment appeals board (a “Proposition 8” appeal).

Any reduction in the assessment ultimately granted under Proposition 8 applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the property owner establishes through proof of comparable values that the property continues to be overvalued (known as “ongoing hardship”), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar

manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows county assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary only for those properties that are not sold to new owners, and are otherwise expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions, if made, will be eliminated.

See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the California Constitution."

Ad Valorem Property Tax

General. Taxes are levied by the County for each Fiscal Year on taxable roll and personal property which is situated in the City as of the preceding January 1. Effective July 1, 1983, real property that changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessed value, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured." Property assessed as "secured" is listed accordingly on separate parts of the assessment roll containing State-assessed property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and if unpaid become delinquent on December 10 and April 10, respectively, subject to a penalty of 10%. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31, subject to a 10% penalty. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

Table A-10 below sets forth the levies, collections and percent of collections and levies for property taxes in the City for the last 10 Fiscal Years.

Table A-10
City of Fresno
Property Tax Levies and Collections⁽¹⁾
Last 10 Fiscal Years

Fiscal Year Ending June 30	Total Adjusted Tax Levy	Amount Collected⁽²⁾	Delinquent Tax Collections⁽²⁾⁽³⁾	Total Tax Collections	% of Collection as a % of Total Adjusted Tax Levy
2015	\$109,977,799	\$106,989,456	\$395,578	\$107,385,034	97.64%
2016	115,335,170	113,633,713	508,181	114,141,894	98.97
2017	120,290,891	119,336,199	386,236	119,722,435	99.53
2018	125,734,795	123,764,163	649,161	124,413,324	98.95
2019	133,844,151	132,157,601	543,876	132,701,477	99.15
2020	140,297,112	136,883,021	745,241	137,628,261	98.10
2021	151,207,145	144,896,990	1,443,494 ⁽⁴⁾	146,340,484	96.78
2022	154,579,854	145,788,069	41,485	145,829,554	94.34
2023	164,920,839	162,101,358	390,299	162,491,658	98.53
2024 [†]	178,208,199	176,286,166	423,187	176,709,353	99.16

Average Collections 98.11%

[†] Most recent year for which data is available.

- (1) In 1983, the City voters approved a property tax override at a rate of 0.32438 per \$100 of gross assessed value to generate revenues to address the City's pension system costs. See, "*Property Tax Override for Pension Contributions*." Such revenues are not available to pay debt service on the Series 2025 Bonds.
- (2) Beginning in Fiscal Year 2013-14, collections reflect those dollars that are related to the fiscal period in which the tax was levied.
- (3) Excludes penalties and interest.
- (4) The 93.7% increase compared to Fiscal Year 2020-21 is a result of a Governor's Executive Order implemented as a result of the COVID-19 epidemic. See "*Effect of COVID-19 on Property Tax Collections*."

Source: City of Fresno Finance Department.

While the County has adopted the Alternative Method of Distribution of Tax levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et. seq.* of the State and Taxation Code, the City is not currently a participant in such Teeter Plan. As a result, the amount of the levy of property tax revenue that is allocated to the City depends upon the actual collections of the secured taxes within the City. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the property tax revenues.

Effect of COVID-19 on Property Tax Collections. Since the COVID-19 pandemic, the City has experienced a continued uptick in property tax revenue, primarily driven by increases in assessed property values across the region. During the initial stages of the pandemic, on May 6, 2020, the Governor issued Executive Order N-61-20, which temporarily suspended certain provisions of the Revenue and Taxation Code. This order allowed for the waiver of interest, penalties, and costs on certain property tax payments—provided they were not subject to impounds, were not delinquent prior to March 4, 2020, and met the conditions outlined in the executive order. The suspension remained in effect through May 6, 2021 and caused delinquent tax collections to increase 93.7% compared to Fiscal Year 2019-20.

Property Tax Override for Pension Contributions. Since 1983, the City has been authorized to assess, equalize, levy, and collect a tax on taxable property within the City at the rate of up to 0.032438 per \$100 of gross assessed value to make payments in support of its obligations to the Retirement Systems (as defined herein). See also “–City Retirement Systems.” This tax was upheld by a decision rendered by the State of California Fifth District Court of Appeal in 1984. This tax generated \$16,418,704 in Fiscal Year 2023-24, is estimated to generate \$17,812,700 in Fiscal Year 2024-25, and is budgeted to generate \$18,837,000 in Fiscal Year 2025-26 (or approximately 4% of General Fund budgeted revenues for such Fiscal Year). Property Tax Override revenues are not available to pay debt service on the Series 2025 Bonds.

Continued assessment of the Property Tax Override is contingent upon satisfying the conditions contained in the Court of Appeal decision.

The Redevelopment Agency of the City of Fresno. The City’s redevelopment agency was known as the Redevelopment Agency of the City of Fresno (the “Former Agency”) and operated several project areas and incurred indebtedness, including publicly-issued bonds. The Former Agency was dissolved in 2012, pursuant to State legislation (“Dissolution Act”).

The Dissolution Act permitted each applicable local government to establish a successor agency for the purpose of honoring enforceable obligations and to, if desired, to assume housing obligations of the former redevelopment agency. The City established itself as the successor agency to the Redevelopment Agency of the City of Fresno (known as the “Successor Agency to the Redevelopment Agency of the City of Fresno”) and, as required by the Dissolution Act, appointed an oversight board to oversee these activities. While the City, as successor agency to the Former Agency, continues certain activities in former project areas, including housing obligations, it receives no significant tax increment other than that pledged to pay outstanding bonds of the Former Agency and with respect to certain housing obligations.

The Dissolution Act permits the use of property tax increment received by the Successor Agency to repay loans made to it by the City. This legislation was confirmed by a Sacramento County Superior Court decision on a case involving the City and the State of California Department of Finance. These payments from the Successor Agency to the City are scheduled to decrease through Fiscal Year 2027-28 as loans made by the City to the Successor Agency are repaid. In Fiscal Year 2023-24 the City received \$1.6 million and is estimated to receive \$1.0 million in Fiscal Year 2024-25. These monies are deposited in the General Fund, and are used to fund operations of the City.

The Successor Agency does not issue separate financial statements. Although a separate legal entity from the City, the Successor Agency is reported as a Private Purpose Trust Fund and its financial results are reported as fiduciary funds in the audited financial statements of the City.

Sales Tax

A sales tax is imposed on retail sales or consumption of personal property. Sales tax revenues are determined by the total taxable transactions within a jurisdiction and distributed by the State Board of Equalization to the jurisdiction where the sale took place. Sales taxes collected from merchants with no permanent place of business (*i.e.*, manufacturers, construction contractors, etc.) are accumulated to a countywide or State-wide (out-of-state businesses) pool and distributed to cities and counties in proportion to their collections from all sales taxpayers.

Prior to 1955, the City imposed its own local sales tax. In 1955, the Legislature enacted the Bradley Burns Act which established a Statewide rate for sales tax, allowed counties to enact sales taxes, capped cities’ taxes at 1% (without a locally-approved sales tax increase) and provided for collection by the State Board of Equalization. The City’s 1% sales tax has historically been an important local revenue source.

The value and volume of these taxable transactions are in turn dependent on economic and other factors which will influence the City. Such factors include the level of inflation affecting the price of goods and services subject to the sales tax, the rate of population growth in the general area, the characteristics of retail developments, including the relative size of market service areas, the sensitivity of the types of businesses within the City to changes in the economy, and competing retail establishments outside the City. A deterioration of economic and other factors influencing taxable sales generated in the City, would reduce the level of taxable sales generated in the City, thereby reducing sales tax revenues. Table A-11 shows historical taxable retail sales for certain businesses.

Table A-11
City of Fresno
Taxable Retail Sales
for Calendar Years 2018 through 2024[†]
(\$ in thousands)

	2019	2020	2021	2022	2023	2024 [†]
RETAIL AND FOOD SERVICES						
Motor Vehicle and Parts Dealers	\$1,356,863	\$1,376,956	\$1,828,692	\$1,784,741	\$1,711,789	\$1,685,141
Home Furnishings and Appliance Stores	400,144	328,526	396,566	417,108	366,489	353,805
Bldg. Matrl. Garden Equip. and Supplies	519,744	646,524	652,463	654,351	604,816	574,580
Food and Beverage Stores	439,514	453,009	509,955	535,469	513,493	483,129
Gasoline Stations	587,521	465,091	662,325	784,658	703,811	687,956
Clothing and Clothing Accessories Stores	574,010	466,048	693,288	685,659	665,756	622,604
General Merchandise Stores	945,656	931,841	1,095,273	1,129,242	1,091,496	1,102,039
Food Services and Drinking Places	1,075,519	898,891	1,227,897	1,344,248	1,415,344	1,433,734
Other Retail Group	689,479	770,120	3,254,433	3,275,566	2,926,475	2,659,501
TOTAL RETAIL AND FOOD SERVICES	6,588,450	6,337,006	10,320,892	10,611,042	9,999,469	9,602,489
All Other Outlets	<u>2,114,274</u>	<u>2,052,182</u>	<u>2,489,863</u>	<u>2,768,833</u>	<u>2,932,704</u>	<u>2,812,043</u>
TOTAL ALL OUTLETS	\$8,702,724	\$8,389,188	\$12,810,755	\$13,379,875	\$12,932,173	\$12,414,532

[†] Most recent year for which detailed data is available.

Source: California Department of Tax and Fee Administration, *Taxable Sales in California—Taxable Sales—Cities by Type of Business* (Taxable Table 4).

For Fiscal Year 2024-25, the City estimates sales tax revenues at \$145.3 million, representing an approximate decrease of \$6.4 million (4.2%) compared to Fiscal Year 2023-24. The City is projecting Sales Tax to increase by \$3.5 million in Fiscal Year 2025-26 to \$148.7 million, a 2.4% increase compared to the Fiscal Year 2024-25 estimate.

Charges for Services

Charges for services consists primarily of development permit fees generated by construction within the City, inspection fees, and parking charges/fines.

Fiscal Management Policies

The City Council has adopted various policies to provide structure, foster efficient management, and impose procedures and limitations, including, but not limited to those summarized below. Complete copies of policies adopted by the City Council can be found at www.fresno.gov/cityattorney/policies/.

Fiscal Sustainability Policy. In March 2012, the City Council adopted a comprehensive Fiscal Sustainability Policy to ensure core City services are funded, negative fund balances, if any, are restored, and emergency and maintenance reserves are maintained at least at minimally acceptable levels. Adoption of this policy resulted in the subsequent adoption of the Debt Management Policies, the Better Business Act and the Labor-Management Act, each summarized below.

Debt Management Policies. In 2009, the City adopted the Taxpayer Protection Act, as amended, that established Debt Management Policies to improve oversight of City financial resources, enhance the City's credit Quality, and provide more standardization, rationalization and transparency for issuance of debt to protect taxpayers. The Debt Management Policy was updated in April 2017 to ensure compliance with Senate Bill 1029 (SB 1029) that required municipal issuers of local debt to certify that they have adopted local debt policies. The Debt Management Policies, among other things, establishes objectives and parameters to plan an, issue, and administer City debt with the purpose of maintaining the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and beneficial equipment. The purpose of the Debt Management Policies is to assist the City in: (i) minimizing debt service and issuance costs; (ii) maintaining access to cost-effective borrowing; (iii) achieving the highest practical credit rating; (iv) providing for the full and timely repayment of debt; (v) balancing use of pay-as-you-go and debt financing; and ensuring compliance with applicable State and federal laws. The following summarizes key provisions of the Debt Management Policy:

- (i) net direct debt (*i.e.* General Fund and other tax supported debt) should not exceed 3% of assessed value;
- (ii) net direct service should be less than 10% of General Fund appropriations; and
- (iii) 35% of net direct debt should be retired in 10 years and at least 40% should be retired within 15 years.

Better Business Act. In May 2009, the City Council adopted the Better Business Act to provide for uniform due diligence and oversight on private projects seeking City financial assistance of more than \$1 million.

Labor-Management Act. The City adopted the Labor Management Act, most recently amended in April 2014, to standardize and reinforce best practices for labor management policies for the City, ensure that the role of the City Manager as the chief negotiator for the City isn't compromised, and to improve fiscal accountability and transparency in City government.

Investment Policy

Highlights of Investment Policy. The City maintains a written policy for investing public funds, which is approved annually by the City Council. The primary objectives of which, in order of importance, are: (i) complying with all State and City legal directives to conform with GAAP as promulgated by the Government Accounting Standards Board ("GASB") and guidance furnished by other governmental and industry professional organizations, (ii) ensuring the safety of funds invested, (iii) providing liquidity sufficient to meet all cash needs of the City as they become due; (iv) optimizing the rate of return on investments within the constraints of safety and liquidity, and (v) promoting local economic development.

Safety. Safety of principal is the foremost objective of the investment program. Investments of the City are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Thus, the standard of prudence used by investment officials of the City is the “prudent person” standard and is applied in the context of managing an overall portfolio.

Authorized Investments. The City is empowered by State law to invest in certain “eligible securities” as defined in the California Government Code Sections 53601, 53601.8, and 16429.1. Authorized investments also include, in accordance with California Government Code Section 16429.1, investments in the State Local Agency Investment Fund (“LAIF”) up to the maximum permitted by the State Treasurer.

Prohibited Investments. No investments may be made in inverse floaters, range notes, or mortgage-derived, interest only strips.

Performance Evaluation and Reporting. Investment performance is continually monitored and evaluated by the City Treasurer and Treasury staff (the City’s Finance Director also acts as Controller and Treasurer). Management responsibility for the investment program is delegated to the Controller of the City. The Controller is responsible for establishing written procedures for the operation of the investment program consistent with the investment policy, all transactions undertaken, and establishing a system of controls to regulate the activities of subordinate officials.

The Treasurer is required to prepare and submit monthly summary reports for review by the Mayor, City Manager, City Council and an internal auditor. The reports are required to list the types of investments showing the par value, book value and fair market value, unrealized gains and losses and the purchase and maturity dates for each security. Such reports are also required to include a summary of total amounts invested by category, with total par value, book value, and fair market values presented; the rate of return on the portfolio, both month and quarter, as applicable, to date and for the previous rolling 12 months; and the total earned interest on the portfolio, both month to date, and year to date. A graphic analysis is also required to be prepared showing the asset allocation, the asset allocation compared to Policy limits, the maturity schedule, and a yield comparison among the Portfolio, LAIF and the one-year Treasury rate.

Investment Policy Adoption. The City’s investment policy is adopted annually by a resolution of the City Council. Any modifications made thereto must be approved by the City Council.

A copy of the current investment policy is available at www.fresno.gov/wp-content/uploads/2024/07/Investment-Policy-2025.pdf. Such information is not incorporated herein by this reference.

Current Investments. The City’s Finance Department prepares monthly investment reports which are available at <https://www.fresno.gov/finance/financial-reports/#monthly-investment-reports>. Such information is not incorporated herein by this reference.

Reserve Management Act. The Reserve Management Act was adopted in 2011, and most recently reviewed and amended in December 2017, to assist the City in: (i) building adequate reserves to provide resources necessary for financial stabilization, particularly during times of unforeseen emergencies and economic downturns; (ii) establishing sound fiscal reserve policies to guide future City decisions; (iii) providing goals and objectives for all funds maintained by the City, particularly for those with constraints or designations restricting their use for current expenditure, including unassigned cash reserves; (iv) providing guidelines for the establishment, use and replenishment of City unassigned cash reserves; (v) providing guidance in meeting short-term and long-term obligations; (vi) establishing processes for periodic

reporting and review of the City's various cash reserves; and (vii) enhancing the City's credit ratings. Under this Act, the General Fund Cash Reserve for Economic Uncertainties and Emergencies is targeted to be maintained at a minimum of 10% of the current Fiscal Year's General Fund appropriations.

As of June 30, 2024 the balance in the General Fund Cash Reserve For Economic Uncertainties and Emergencies was \$46.7 million (9.48% of the total expenditures and transfers out) and is estimated to be \$47.6 million (9.79% of the total expenditures and transfers out) as of June 30, 2025. The Fiscal Year 2025-26 Adopted Budget reflects a beginning balance of \$47.6 million (8.62% of total expenditures and transfers out).

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions, automobile liability and accident claims; natural disasters; employee health benefit claim payments; and injuries to employees (workers' compensation). With certain exceptions, it is policy of the City to use a combination of self-insurance and purchased commercial insurance against property, liability or workers' compensation risks. The City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. The City maintains limited coverage for risks that cannot be eliminated. The Risk Management Division investigates and manages all liability claims and property losses, evaluates risk exposure and insurance needs, protects against contractual loss by reviewing/preparing insurance and indemnification portions of contractual documents, emphasizes ongoing operational loss control, and purchases all insurance coverage for the City.

For Fiscal Year 2025-26, the City maintains General Liability insurance, with limits of liability of \$25 million per occurrence and \$25 million aggregate in Excess Liability coverage. There is a \$5 million self-insured retention ("SIR"). Coverage is provided by the Safety National Insurance Company (\$5 million per occurrence /\$5 million aggregate), Allied World Insurance Company (\$10 million per occurrence /\$10 million aggregate), StarStone Specialty (\$5 million per occurrence /\$5 million aggregate), and Gemini Insurance (\$5 million per occurrence /\$5 million aggregate). The City has procured Automobile Physical Damage coverage through Hanover Insurance Company with a \$10 million limit. For this policy, the deductible is \$50,000 for vehicles valued at less than \$150,000, while the deductible is \$100,000 for vehicles valued at \$150,000 or more. The City carries Government Crime coverages with a \$5 million limit secured through Zurich Insurance Company with a \$50,000 deductible.

The City has Cyber liability coverage under AXA/Indian Harbor with a \$500,000 SIR and a \$5 million limit and excess Cyber liability coverage through Starr Surplus Lines Insurance Company (\$5 million per occurrence/\$5 million aggregate). The City also maintains Airport Owners and Operators General Liability insurance and Aviation (Aircraft Liability), with limits of liability of \$100 million. There is no deductible or SIR. Coverage is provided by Old Republic Insurance Company through Phoenix Aviation Managers (Texas), Inc.

Furthermore, the City maintains Property insurance and Boiler and Machinery insurance, with Travelers Insurance, with total insured values of \$2,668,347,903 with aggregate coverage of \$500,000,000/\$50,000,000 per occurrence. There is a \$100,000 deductible for most losses. Flood losses have a \$250,000 deductible. Property insurance does not cover losses due to seismic events. Finally, the City maintains Aviation (Aircraft Hull) insurance for two helicopters, with limits of liability of \$50 million in aggregate. Each claim is subject to a deductible of 1.0% of the insured value of each helicopter, up to a maximum of \$15,000. This includes a rotors in-motion deductible of \$15,000 and a \$0 deductible for rotors not- in-motion. Coverage is provided by Old Republic Insurance Company through Old Republic.

The City's Workers' Compensation Program consists of \$2 million SIR, with purchased excess insurance layers up to the statutory limits. With the exception of one pending claim, settled claims have not

exceeded the SIR in any of the last four Fiscal Years. The claims liabilities and workers' compensation liabilities reported on the Statement of Net Position have been actuarially determined and include an estimate of incurred but not reported losses.

The estimated liabilities of the Risk Management Internal Service Fund as of June 30, 2024, were determined by the City based on recommendations from an independent actuarial evaluation. The liabilities are based on estimates of the ultimate cost of claims (including future claim adjustments expenses) that have been reported but not settled and claims that have been incurred but not reported ("IBNR"). The claims liability of \$260.3 million reported in Risk Management Internal Service Fund at June 30, 2024 was based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Of the claims liability amount, \$39.3 million in Workers' Compensation and \$23.1 million in Liability and Property Damage is estimated to be payable in in Fiscal Year 2025-26.

The recorded liabilities for each program at June 30, 2024 were as follows (in thousands):

Workers' Compensation [†]	\$165,631
Liability and Property Damage [†]	<u>94,643</u>
TOTAL	\$260,274

[†] The liability for workers' compensation and general liability are presented at present value, using a discount rate of 3%.
Source: City of Fresno.

For additional information with respect to the City's Risk Management Internal Service Fund, see APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—NOTE 10—Risk Management Fund."

Anticipated Capital Projects and Funding Sources

Capital Improvement Program. Development of the Fiscal Year 2026-2030 Capital Improvement Program ("Fiscal Year 2026-2030 CIP") is an intensive, ongoing process, involving a comprehensive review of the goals and direction of the City's future infrastructure needs. The overriding mission of this review is to determine specific priorities, starting with the vital work being done to revitalize and reinvigorate the Downtown area; then to sequence those priorities to enable the City to effectively concentrate its capital investment.

The capital planning process takes into consideration the financial impact to the City's citizens, balancing the ever-changing needs of the City with the capacity of the City and its taxpayers and ratepayers to finance those improvements and factoring in the ongoing maintenance costs that are associated with those planned improvements.

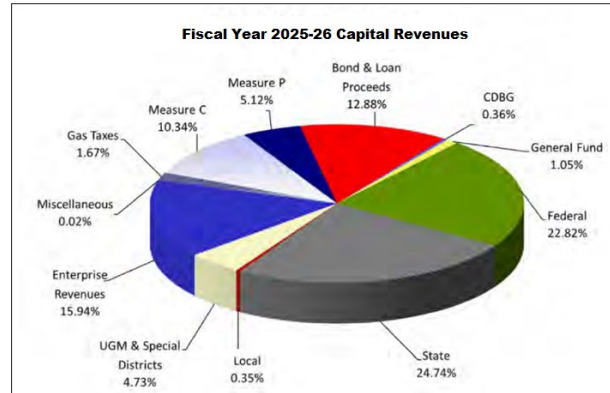
The Fiscal Year 2026-2030 CIP was adopted by the City Council on June 17, 2025, and includes \$2.223 billion for projects that range from construction of new facilities to the updating of existing structures, street improvements, sidewalk repairs, and utility infrastructure maintenance. For the initial year of the five-year CIP (Fiscal Year 2025-26), the Capital Program contains new and ongoing projects with a combined projected cost of \$899.5 million.

Capital Revenue Sources. In Fiscal Year 2025-26, Federal Grants are budgeted at \$200.1 million and will be used for main arterial street rehabilitation/improvements for Public Works (\$36.1 million); Federal Aviation Authority Grants for Fresno Yosemite International Airport (\$66.0 million); and Federal Transportation Agency and State Proposition 1B Transit Grants for Fresno Area Express (\$98.0 million). See Figure 1.

Figure 1

State Grants are budgeted at \$216.9 million and are expected to provide funding for the new Regional Fire Training Center (\$23.0 million); street related improvements and repairs in Public Works (\$114.7 million); \$45.6 million in the Capital Projects Department for Downtown Improvements; and, State Cap-and-Invest and SB1 Grant funding for Fresno Area Express (“FAX”) totaling \$32.6 million.

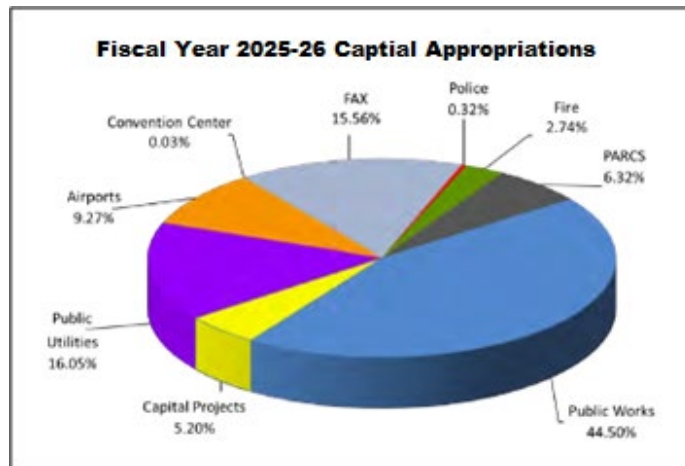
Only 1.05% of the Fiscal Year 2025-26 CIP projects are expected to be funded with General Fund revenues.



In Fiscal Year 2025-26, Enterprise Funds capital totals \$139.8 million and provides funding for water well and sewer line construction and rehabilitation in Public Utilities totaling \$118.4 million; Airports has budgeted \$15.2 million for airfield, terminal, facility and parking lot repairs and upgrades; and, FAX has budgeted \$5.9 million for bus purchases and other capital projects.

Uses of Capital Funding. Capital funding is dedicated to a variety of programs and projects such as the Neighborhood Infrastructure improvement and the Blackstone / McKinley Grade Separation projects in the Public Works Department. See Figure 2.

Figure 2



Major capital projects in the Department of Public Utilities include Water System Rehabilitation and Replacement to include water main replacements and well construction, improvements at the Northeast Surface Water Treatment Facility, Regional Transmission Main expansion, and funding to maintain components at the Wastewater Treatment Facility. The Airports Department is expanding the terminal concourse at Fresno Yosemite International Airport and modernizing the TSA manual baggage screening system. The FAX Department’s capital projects include replacing aging

compressed natural gas (CNG) buses, the purchase of hydrogen fuel cell electric buses, and the purchase of new Handy Ride paratransit buses. With the new battery- electric buses (BEB), the FAX is also working on charging infrastructure projects. Table A-12 below summaries the City’s Fiscal Year 2026-2030 CIP by department.

Table A-12
City of Fresno
Capital Improvement Projects by Department
Fiscal Years 2025-26 through 2029-30
(\$000s)

Department Name	FY 2026 CIP Projects	FY 2027 CIP Projects	FY 2028 CIP Projects	FY 2029 CIP Projects	FY 2030 CIP Projects	5 Year CIP Total
Police Department	\$2,847	\$0	\$0	\$0	\$0	\$2,847
Fire Department	23,993	0	0	0	0	23,993
PARCS Department	55,439	73,587	73,367	23,294	17,493	243,180
Public Works Department	412,844	77,200	28,043	9,512	9,967	537,566
Capital Projects Department	45,633	940	0	0	0	46,572
Department of Public Utilities	140,718	184,613	176,865	159,185	149,584	810,965
Airports Department	81,325	100,489	87,919	23,949	18,819	312,499
Convention Center & Stadium Department	285	0	0	0	0	285
Fresno Area Express Department	136,463	38,936	29,386	28,718	11,536	245,038
Total Capital Appropriations	\$899,547	\$475,765	\$395,580	\$244,658	\$207,399	\$2,222,945

Source: City of Fresno Fiscal Year 2025-26 Adopted Budget.

State Fiscal Year 2025-26 Budget. The Adopted Fiscal Year 2025-26 State Budget includes \$100 million to support public infrastructure projects in Downtown Fresno and Chinatown, aimed at catalyzing high-density housing and advancing key infrastructure and economic development. Combined with the initial \$50 million allocated in the 2023-24 State Budget, this funding will support the modernization of aging water and sewer systems, construction of parking structures to facilitate housing and commercial growth, and improvements to pedestrian safety, sidewalks, lighting, and greenspace. This investment will be combined with additional public and private resources and forms part of a broader \$250 million commitment made in the 2023-24 State Budget. See also “–State Budgets.”

Measure C

Adopted by voters in 1986 and renewed in 2006, the Fresno County Regional Transportation Program Transactions and Use Tax, commonly referred to as Measure C, is a local ½-cent sales tax dedicated to improving transportation infrastructure across Fresno County. Measure C is projected to generate approximately \$33.2 million for the City in Fiscal Year 2025-26 to support a wide range of transportation projects, including street and highway improvements, public transit enhancements, trail and bike lane expansions, and programs that promote air quality and mobility for seniors and individuals with disabilities. The current Measure C is set to expire in 2027, and regional stakeholders are actively engaged in planning efforts for a potential renewal measure to be placed before voters in 2026.

Measure P

Adopted by the voters in 2018, the Fresno Clean and Safe Neighborhood Parks Transactions and Use Tax, commonly referred to as Measure P, is a 30-year local sales tax measure designed to fund park improvements and related programs within the City of Fresno. Specifically, Measure P imposes a 3/8-cent sales tax that is projected to generate \$47.2 million in Fiscal Year 2025-26 to enhance parks and recreational facilities, fund arts and cultural programs, and improve the overall safety and cleanliness of Fresno's parks

Employer-Employee Relations

City employees are represented by various unions and associations, and labor relations have been generally amicable. Currently, 95% of City employees are represented by a union or association. Table A-13 summarizes the names of the unions or associations, the length of and expiration dates for the contracts. The City expects that the expired contracts will be replaced with new contracts in due course.

Table A-13
City of Fresno
Employee Contracts

Union/Association	Number of Employees	Length of Contract (Years)	Expires⁽¹⁾
International Association of Fire Fighters, Local 753/Unit 10	19	1	June 15, 2025
Fresno City Employee Association/Unit 03	1,000	1	June 15, 2025
International Association of Firefighters, Local 753/Units 05	320	1	June 15, 2025
Amalgamated Transit Union, Division 1027/Unit 06	317	2.9	June 15, 2025
City of Fresno Professional Employees Association/Unit 13	446	1.5	June 15, 2025
Fresno Airport Public Safety Supervisors/Unit 11 ⁽²⁾	21	1	June 15, 2025 ⁽³⁾
Fresno Police Officers Association/Unit 04	817	2	June 13, 2027 ⁽³⁾
Fresno Police Officers Association Police Management/Unit 09	32	2	June 13, 2027 ⁽³⁾
City of Fresno Management Employees Association/Unit 14	178	2	June 13, 2027 ⁽³⁾
I.U.O.E. Stationary Engineers, Local 39/Unit 01	827	2.5	June 15, 2025
International Brotherhood of Electrical Workers, Local Union 100/Unit 07	69	1	June 15, 2025

(1) Negotiations are currently in process. Members of these bargaining units continue to work pursuant to the terms of the respective expired contracts.

(2) The former Fresno Airport Public Safety Supervisors/Unit 15 has been merged into this bargaining unit.

(3) The City has entered into a tentative agreement with Fresno Airport Public Safety Supervisors (Unit 11) and has formalized agreements with the Fresno Police Officers Association (Unit 4), Fresno Police Officers Association Police Management Unit (Unit 9), and City of Fresno Management Employees Association (Unit 14). The cost associated with these agreements were incorporated into the Fiscal Year 2025-26 Adopted Budget.

Source: City of Fresno Labor Relations Division.

Health Benefit Plan

The City offers its employees participation in the Fresno City Employees Health and Welfare Trust Plan (the “Health and Welfare Plan”). The Health and Welfare Plan offers a self-insured medical plan for full-time and permanent part-time employees and their dependents and also provides dental, vision, pharmacy, mental health and chiropractic coverage.

Two medical plan options are available to employees. Employees have the opportunity, on an annual basis, to elect either a higher benefit level Preferred Provider Organization (“PPO”) option or a reduced benefit level PPO option. Employees electing to receive the higher benefit level option pay a percentage of the monthly premium through payroll deductions. Employees electing the lower benefit level pay nothing for their coverage.

The percentage of the premium the employee is required to pay to receive the higher benefit level is negotiated by each bargaining unit.

All units and unrepresented employees with the exception of Police Cadets have negotiated a 70%-30% contribution split. The City contributes 70% of the premium, and the employees, if they wish to have the higher benefit level PPO, contribute 30% of the premium. If they choose not to contribute, the medical benefits are reduced by 35%.

One group of unrepresented employees continues to have a different contribution amount than the balance of the other employees. For City unrepresented Police Cadets, the City contributes 80% of the

premium and the employees, if they wish to have the higher benefit level PPO, contribute 20% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 35%. This reduction results in the plan paying 52% of covered charges and the employee being responsible for 48% of covered charges.

City retirees are also eligible for participation in the plans by paying the full blended premium cost.

The Health and Welfare Trust Board approved the purchase of a \$500,000 stop-loss insurance policy on May 11, 2016. This policy was increased to \$550,000 in Fiscal Year 2022-23 and renewed on July 1, 2025. The purpose of the policy was to protect the Health and Welfare Trust from having to pay any claim or series of claims associated with one case that totaled more than \$550,000. In addition to the stop-loss insurance, the Health and Welfare Trust Board also approved a policy of setting aside a portion of the fund balance of the Health and Welfare Trust Fund's for the payment of catastrophic health claims.

For Fiscal Year 2024-25, the City's cost for all employee health benefits is estimated at \$53.2 million and is budgeted at \$61.5 million for Fiscal Year 2025-26. For additional information regarding the Health and Welfare Plan, see APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Notes to Financial Statements—Note 11.E—Health Benefit Plan."

City Retirement Systems

Overview. The City sponsors two single-employer, contributory, defined benefit plans for its employees, established under by Articles 3 and 4, Chapter 3 (the "Fire and Police Retirement System") and Article 5, Chapter 3 (the "Employees Retirement System" and together with the Fire and Police Retirement System, the "Retirement Systems") of the City Municipal Code. The Retirement Systems provide lifetime retirement, disability, and death benefits to its members.

The Retirement Systems are administered by the City of Fresno Fire and Police Retirement Board with respect to the Fire and Police Retirement System and the City of Fresno Employees' Retirement Board with respect to the Employees Retirement System (together, the "Retirement Boards"). The Retirement Systems operate in compliance with the City Municipal Code and in accordance with the California Pension Protection Act of 1992. The Retirement Boards do not operate under the control of the City Council and have the sole and exclusive responsibility to administer the respective Retirement System in a manner that will assure prompt delivery of benefits and related services to their members and their beneficiaries.

Information Regarding the Retirement Systems. The Retirement Systems issue publicly available financial reports that include financial statements and required supplementary information. Copies of the reports may be obtained by writing the City of Fresno Retirement Office, 2828 Fresno Street, Suite 201, Fresno, California 93721 or by accessing the website for the Retirement Systems at www.cfrs-ca.org. Such information is not incorporated herein by this reference. See also APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—NOTE 11.A—RETIREMENT PLANS—Funding Policy."

Benefit Provisions. For a description of benefit provisions provided by the Retirement Systems, see APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Note 11—Employee Benefit Programs, A.—Retirement Plans."

Funding Requirements and Policy Components. The annual funding requirements for the Retirement Systems are comprised of payment of the Normal Cost (the portion of the Actuarial Present Value of Future Benefits) and a payment on the Unfunded Actuarial Accrued Liability (a "UAAL"), if applicable. The Normal Cost and the amount of the payment on UAAL are determined by three components of the respective Retirement Board's funding policy: (i) Actuarial Cost Method – the techniques used to allocate the cost/liability of retirement benefits to a given period; (ii) Asset Smoothing Method – the

techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and (iii) Amortization Policy – the decisions on how, in terms of duration and pattern, to fund the difference between the AAL and the Actuarial Value of Assets in a systematic manner. The City's funding requirements as of June 30, 2024 were measured as of June 30, 2023 and were determined by an actuarial valuation as of June 30, 2023,

Although as of June 30, 2024, the Retirement Systems did not have a UAAL, the City continues to make its annual Normal Cost contributions.

The Retirement Boards adopted an Amortization Policy which sets forth the amortization procedures for funding any UAAL or amortization and allocation of any available surplus in the Retirement Systems. A detailed description of the policy can be found in the notes to the financial statements for the Retirement Systems located at: <https://cfrs-ca.org/fire-and-police-retirement-system> for the Fire and Police System and at <https://cfrs-ca.org/employee-retirement-system> for the Employees System. The information on such websites are not incorporated herein by this reference.

The Retirement Systems use a five-year smoothing of market gains and losses above and below the assumed actuarial rate of return (6.75%) to derive the actuarial value of assets. As of June 30, 2024, the actuarial valuation of the Fire and Police System was \$2.0 billion with a funded percentage of 114.9% on a valuation basis of assets, and the actuarial valuation of the Employees System was \$1.6 billion with a funded percentage of 109.8% on a valuation basis of assets.

Funding Policy. The City contributes to the Retirement Systems based upon actuarially determined contribution rates following recommendations from the independent actuary for each Retirement System upon completion of their annual actuarial valuation. Rates are presented as a percentage of the City's annual covered salary or payroll.

Fire and Police System. For the Fire and Police System, as a result of the System's funding status, the City Council took action to fund the average employer contribution rate for Fiscal Year 2025-26 (based on the June 30, 2022 valuation) at 21.08% of compensation, and the average employee contribution rate is 9.0% of compensation.

All active Fire and Police System members are required to make contributions to the Fire and Police System. Employee contribution rates vary in Tier 1 according to entry age. The Tier 1 average member contribution rate for Fiscal Year 2025-26 (based on the June 30, 2022 valuation) is 0.00% of compensation, and the employee contribution rates for Tier 2 were established at 9.0% of pensionable base pay.

Employee Retirement System. For the Employees System, as a result of the funding status of the Employees Retirement System, the City Council took action to fund the average employer contribution rate for Fiscal Year 2025-26 (based on the June 30, 2022 valuation) at 13.38% of compensation. The average employee member contribution rate for Fiscal Year 2025-26 (based on the June 30, 2022 valuation) is 8.9% of compensation.

As a result of City Council action, the contribution rates for each Retirement System were established at the levels outlined in the respective Annual Actuarial Review as of June 30, 2022. The respective Boards of the Retirement Systems have challenged this action and are currently disputing the City's contribution levels.

Actuarial Assumptions. The total pension liability of each plan as of June 30, 2023 was determined by an actuarial valuation of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2021. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% to 11.50%, varying by service, including inflation (Employees System)
	4.00% to 13.00%, varying by service, including inflation (Fire and Police System)
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Other assumptions	See Appendix A in the Annual Comprehensive Financial Reports for the Employee's Plan and the Fire/Police Plan for the Fiscal Year Ended June 30, 2024 for the service retirement rates after they have been adjusted to treat Deferred Retirement Option Program ("DROP") participation as service retirement.

Rate of Return. For Fiscal Year 2023-24, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 10.4% for the Retirement Systems. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Membership and Benefit Eligibility. All permanent full-time employees of the City, except sworn Fire and Police personnel, are eligible to participate in the Employees' Retirement System. The Fire and Police is one Retirement System with two tiers. Effective August 28, 2008, the City added the Fire and Police Tier 2 for all full-time sworn Fire, Police and Airport safety personnel hired on or after that date (and closed the Fire and Police Tier 1 to new entrants). Employees become eligible for membership on their first day of full-time regular employment and become fully vested after earning five years of service credit. Employees working in limited, interim, provisional, temporary, seasonal or part-time positions are not eligible to participate in the Retirement Systems. Participation is mandatory if an employee is eligible, except in the case of the City Manager, City Attorney, City Clerk, Department Heads, and City Council Assistants who may negotiate other retirement benefits if such an agreement is established by resolution of the City Council as provided for in the Fresno Municipal Code Section 5-318. Set forth below is ten-year historical member population information for the Retirement Systems.

Table A-14
Fire and Police Retirement System
Member Population
(2015 through 2024)

Year Ended June 30	Active Members⁽¹⁾	Inactive Vested Members⁽²⁾	Retired Members and Beneficiaries	Total Retired and Inactive	Ratio of Inactives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2015	993	87	1,005	1,092	1.10	1.01
2016	1,054	102	1,011	1,113	1.06	0.96
2017	1,086	117	1,046	1,163	1.07	0.96
2018	1,133	115	1,066	1,181	1.04	0.94
2019	1,123	121	1,085	1,206	1.07	0.97
2020	1,095	126	1,107	1,233	1.13	1.01
2021	1,082	124	1,126	1,250	1.16	1.04
2022	1,134	138	1,154	1,292	1.14	1.02
2023	1,203	162	1,188	1,350	1.12	0.99
2024	1,225	185	1,223	1,408	1.15	1.00

(1) Includes DROP members.

(2) Comprised of former employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits who are entitled to receive a refund of their member contributions.

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuation and Review Report as of June 30, 2024 (which reflects the valuation as of June 30, 2022).

Table A-15
Employees Retirement System
Member Population
(2015 through 2024)

Year Ended June 30	Active Members⁽¹⁾	Inactive Vested Members⁽²⁾	Retired Members and Beneficiaries	Total Retired and Inactive	Ratio of Inactives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2015	1,888	263	1,790	2,053	1.09	0.95
2016	1,958	282	1,858	2,140	1.09	0.95
2017	2,085	304	1,919	2,223	1.07	0.92
2018	2,163	316	1,981	2,297	1.06	0.92
2019	2,228	336	2,045	2,381	1.07	0.92
2020	2,288	342	2,088	2,430	1.06	0.91
2021	2,313	370	2,132	2,502	1.08	0.92
2022	2,431	433	2,176	2,609	1.07	0.90
2023	2,694	508	2,229	2,737	1.02	0.83
2024	2,963	592	2,307	2,899	0.98	0.78

(1) Includes DROP members.

(2) Comprised of former employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits who are entitled to receive a refund of their member contributions.

Sources: *City of Fresno Fire and Police Retirement System Actuarial Valuation and Review Report as of June 30, 2024 (which reflects the valuation as of June 30, 2022).*

Schedule of Funding Progress. Set forth below are the 10-year historical trend information for the Retirement Systems. The values reported below represent actuarial values; note that these values differ from the market values:

Table A-16
Fire and Police Retirement System
Schedule of Funding Progress
Ten Most Recent Fiscal Years Available
(\$ in thousands)

Actuarial Valuation Date As of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Prefunded AAL (UAAL) (a)-(b)	Funded Ratio (%) (a)/(b)	Covered Payroll (c)	Prefunded AAL/(UAAL) as a Percentage of Covered Payroll (%) [(a) - (b)]/(c)
2015	\$1,220,269	\$1,019,916	\$200,353	119.6%	\$95,262	210.3%
2016	1,276,604	1,067,416	209,188	119.6	98,818	211.7
2017	1,354,974	1,131,348	223,626	119.8	102,679	217.8
2018	1,436,725	1,194,731	241,994	120.3	110,972	218.1
2019	1,495,023	1,277,749	217,274	117.0	115,073	188.8
2020	1,547,641	1,331,146	216,495	116.3	117,902	183.6
2021	1,695,906	1,395,140	300,766	121.6	120,177	250.3
2022	1,791,487	1,486,611	304,876	120.5	127,826	238.5
2023	1,876,149	1,607,286	268,863	116.7	141,841	189.6
2024	1,991,117	1,732,763	258,354	114.9	157,870	163.6

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuation and Review Report as of June 30, 2024 (which reflects the valuation as of June 30, 2022).

Table A-17
Employees Retirement System
Schedule of Funding Progress
Ten Most Recent Fiscal Years Available
(\$ in thousands)

Actuarial Valuation Date As of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Prefunded (Unfunded) AAL (UAAL) (a)-(b)	Funded Ratio (%) (a)/(b)	Covered Payroll (c)	Prefunded AAL/(UAAL) as a Percentage of Covered Payroll (%) [(a)-(b)]/(c)
2015	\$1,049,093	\$960,364	\$88,729	109.2%	\$110,107	80.6%
2016	1,087,125	976,909	110,216	111.3	113,436	97.2
2017	1,145,061	1,013,684	131,377	113.0	125,915	104.3
2018	1,202,691	1,047,692	154,999	114.8	134,946	114.9
2019	1,238,651	1,106,660	131,991	111.9	145,458	90.7
2020	1,269,173	1,155,060	114,113	109.9	156,355	73.0
2021	1,380,265	1,189,980	190,285	116.0	160,372	118.7
2022	1,449,730	1,271,762	177,968	114.0	171,676	103.7
2023	1,509,532	1,358,214	151,318	111.1	197,807	76.5
2024	1,600,473	1,457,747	142,726	109.8	238,367	59.9

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuation and Review Report as of June 30, 2024 (which reflects the valuation as of June 30, 2022).

Schedule of Employer Contributions. Set forth below are the schedules of net employer Fire and Police contribution rates and net employer Employees contribution rates for the respective Retirement System for the 10 most recent Fiscal Years available.

Table A-18
Fire and Police Retirement System
Schedule of Employer Contributions
Ten Most Recent Fiscal Years Available
(\$ in thousands)

Fiscal Year Ending June 30	Actuarially Determined Contribution (ADC) [†]	Contributions in Relation to the ADC	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$18,967	\$18,967	\$91,075	20.83%
2016	18,738	18,738	94,266	19.88
2017	18,543	18,543	97,369	19.04
2018	19,697	19,697	103,934	18.95
2019	20,604	20,604	109,803	18.76
2020	22,324	22,324	113,843	19.61
2021	26,315	26,315	115,341	22.81
2022	27,556	27,556	122,634	22.47
2023	27,068	27,068	134,252	20.16
2024	30,635	30,635	145,669	21.03

[†] Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the Fiscal Year in which contributions are reported. As such, the actuarial valuation dated June 30, 2022, impacted the contribution rate for the Fiscal Year ended June 30, 2024.

Source: City of Fresno Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Table A-19
Employees Retirement System
Schedule of Employer Contributions
Ten Most Recent Fiscal Years Available
(\$ in thousands)

Fiscal Year Ending June 30	Actuarially Determined Contribution (ADC) [†]	Contributions in Relation to the ADC	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$12,327	\$12,327	\$105,820	11.65%
2016	13,060	13,060	108,541	12.03
2017	15,205	15,205	119,007	12.78
2018	14,609	14,609	128,461	11.37
2019	14,627	14,627	138,396	10.57
2020	16,554	16,554	149,403	11.08
2021	20,144	20,144	154,031	13.08
2022	22,017	22,017	164,642	13.37
2023	22,236	22,236	186,219	11.94
2024	28,621	28,261	213,088	13.43

[†] Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the Fiscal Year in which contributions are reported. As such, the actuarial valuation dated June 30, 2022, impacted the contribution rate for the Fiscal Year ended June 30, 2024.

Source: City of Fresno Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Investment Rate of Return. Set forth below is the schedule of net rate of return for the Retirement Systems for the 10 most recent Fiscal Years available.

Table A-20
Retirement Systems
Schedule of Investment Returns
Ten Most Recent Fiscal Years Available

Fiscal Year Ending June 30	Annual Money-Weighted Rate of Return Gross of Investment Expenses	Annual Money-Weighted Rate of Return Net of Investment Expenses
2015	3.32%	2.93%
2016	0.82	0.53
2017	14.73	14.35
2018	8.93	8.57
2019	5.54	5.20
2020	1.61	1.26
2021	30.85	30.43
2022	(7.12)	(7.28)
2023	9.74	9.52
2024	10.56	10.38

- (1) The Schedule of Investment Returns above shows the annual money-weighted rate of return on the assets of the Retirement Systems, both gross and net of investment expense for 10 Fiscal Years (2015-2024). The money-weighted rate of return expresses investment performance adjusted for timing of cash flows and the changing amounts actually invested. These returns differ slightly from the time-weighted rate of returns calculated and reported by the Retirement System's custodian, Northern Trust, and as independently reported by the Retirement Systems' investment consulting firm NEPC, LLC. The Retirement Systems' custodian and investment consulting firm must use time-weighted returns as opposed to money-weighted returns in order to meet Global Investment Performance Standards for the purpose of effectively evaluating and reporting the performance of the Retirement Systems' Investment managers.
- (2) The time-weighted return method is a measure of the compound rate of return of a portfolio over a stated period of time. It requires a set sub-period returns to be calculated whenever there is an external cash flow, such as a deposit or withdrawal from the portfolio. In essence, it calculates the geometric total and mean return as opposed to the arithmetic total and mean return. This method does not include or have any distortions created when money is deposited or withdrawn from a portfolio. This is in contrast to money-weighted returns.

Sources: City of Fresno Comprehensive Annual Financial Reports/ for the Years Ended June 30, 2015 through 2021 and City of Fresno Annual Comprehensive Financial Reports for the Years Ended June 30, 2022 through 2024 .

Net Pension Asset. The net pension liability (asset) reported as of June 30, 2024 was measured as of June 30, 2023, and determined based upon the total pension liability (on GASB Statement No. 68 basis) from actuarial valuations as of June 30, 2023.

The net pension liability of the Retirement Systems, for Fiscal Year 2023-24 (the most recent year available) is set forth in Table A-21.

Table A-21
Retirement Systems
Net Pension Liability/(Asset)

	<u>Employees System</u>	<u>Fire and Police System</u>
Total Pension Liability	\$1,566,983	\$1,865,741
Plan Fiduciary Net Position	<u>(1,683,313)</u>	<u>(2,045,837)</u>
Net Pension Liability (Asset)	\$(116,330)	\$(180,096)
Plan Fiduciary Net Position as a percentage of total pension liability	107.42%	109.65%

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuations and Reviews as of June 30, 2024.

Discount Rate. The discount rate used to measure total pension liability was 6.75% as of June 30, 2024 and June 30, 2023 for the Retirement Systems.

Investment Policy and Investments. The investment guidelines for the Retirement Systems reflect the duties imposed by an investment standard known as “prudent expert rule.” The prudent expert rule includes anyone who has discretionary authority with respect to the investments of the Retirement Systems.

The Investment Policy for the Retirement Systems can be found at <https://www.cfrs-ca.org> (such information is not incorporated herein by this reference) or by contacting the Retirement Office at 2828 Fresno Street, Suite 201, Fresno, California 93721.

Compensated Absences. Employees may accrue vacation leave up to 600 hours, depending on bargaining unit and tenure, which is payable upon termination. Sick leave accrues at 12 hours per month with no cap; however, its value is only partially payable at termination through a Health Reimbursement Account (HRA) for eligible bargaining units. Annual leave can be accumulated up to 1,200 hours and is payable upon separation or retirement, with a one-time annual cash-out option of the greater of 10% or 48 hours. Holiday leave has no cap and is payable upon termination or retirement. Supplemental sick leave, awarded annually to certain employee groups, is only usable after other leave balances are exhausted and may also be credited to the HRA. Since 2006, some units have elected to account for sick and supplemental sick leave through an HRA, administered by HealthComp, which is credited with interest and used to cover health premiums on a pay-as-you-go basis; these balances are not held in trust and are tracked off-line.

The portion of the City’s obligation relating to the employees’ rights to receive compensation for leave balances attributable to services already rendered is accrued when incurred in the Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. Compensated absences upon termination are funded through a cost allocation formula which is based upon a citywide history of payouts (approximately \$2 million per year). Accruals are reviewed by bargaining unit and the \$2 million base is allocated in proportion to each unit’s current liability for a contribution per unit cost. This unit cost is then converted to a cost per employee and becomes part of the budgeted employee services cost in each department’s annual base budget.

The accrued employee leave balance payable from the General Fund as of June 30, 2024 was \$97.68 million of which the current portion was \$15.74 million.

Other Post-Employment Benefits

Plan Description. The City of Fresno Retirees Healthcare Plan (the “Retirees Healthcare Plan”) is a single-employer defined benefit medical plan administered by HealthComp and funded through the City of Fresno Health and Welfare Trust. It is reported as an Internal Service Fund of the City and provides Other Post-Employment Benefits (“OPEB”) to eligible retirees and his/her dependents, spouse or domestic partner. The City does not accumulate assets in a dedicated trust, or equivalent arrangement, for the purpose of funding its retirement healthcare obligation. Therefore, the actuarial value of the Retirees Healthcare Plan assets is zero. The trust does not issue separate publicly available financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, requires governments to account for OPEB on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized in the Statement of Net Position over time.

Contributions. The City provides post-employment healthcare benefits for certain eligible retirees. OPEB includes the authorization for retirees to purchase health insurance through the Retirees Healthcare Plan at current employee rates. The establishment and amendment of benefit provisions are negotiated between the employee bargaining units and the City and are recommended by the City Manager subject to the approval of the Mayor and the City Council. While participant retirees pay 100% of their premium costs, they are allowed to purchase insurance at blended premium rates (“the implicit subsidy”). Thus, the City’s contribution is deemed to be that portion of retiree claims costs *over* premiums required to be contributed by retirees. Currently, the City does not pre-fund retiree health benefits and instead provides benefits on a pay-as-you-go basis.

Employees Covered. The chart below summarizes the employees covered by the benefit terms as of July 1, 2024.

Inactive employees or beneficiaries currently receiving benefit payments	401
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	<u>3,873</u>
Total participants covered by OPEB plan	4,274

Source: City of Fresno Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

Net OPEB Liability. The City’s net OPEB liability of \$109.4 million was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022 to determine the June 30, 2024 total OPEB liability. While participant retirees pay 100% of their premium costs, they are allowed to purchase insurance at blended premium rates (“the implicit subsidy”). Thus, the City’s contribution is deemed to be equal to the implicit subsidy, which is the portion of retiree claims costs over premiums contributed by retirees.

Actuarial Methods and Assumptions. The net OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Reporting Date	June 30, 2024
Measurement Date [†]	June 30, 2023
Valuation Date	June 30, 2023
Discount Rate	3.93%
Healthcare Cost Trend Rates:	
Current Year Trend	5.04% / 4.82%
Second Year Trend	7.50% / 4.54%
Decrement	N/A
Ultimate Trend	4.54%
Year Ultimate Trend is Reached	2090
Salary Increases	3.50%
Actuarial Cost Method	Entry Age Normal (percent of salary)

Source: City of Fresno Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

The discount rate was based on the index provided by Bond Buyer 20-Year General Obligation Index based on the 20-year AA municipal bond rate as of June 30, 2020.

Mortality rates were based on the SOARP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The June 30, 2023 valuation was prepared using a discount rate of 3.93%. If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to \$97.5 million or by 10.7%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to \$123.4 million, or by 12.7%.

	1% Decrease	Current	1% Increase
	2.93%	Discount Rate	4.93%
		3.93%	
Net OPEB Liability (\$ in thousands)	\$123,402	\$109,448	\$97,734

Source: City of Fresno Annual Comprehensive Financial Reports for the Year Ended June 30, 2024.

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The June 30, 2023 valuation was prepared using an initial trend rate of 5.04% / 4.82%. If the trend rate were 1% higher than what was used in this valuation, the Net OPEB Liability would increase to \$128.1 million or by 17.1%. If the trend rate were 1% lower than was used in this valuation, the Net OPEB Liability would decrease to \$94.5 million or by 13.7%.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (\$ in thousands)	\$94,462	\$109,448	\$128,071

Source: City of Fresno Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

OPEB Expense. For the Year ended June 30, 2024, the City recognized an OPEB expense of \$5.0 million, which is not a City expense under GASB. Although participant retirees pay 100% of their premium costs, the City's OPEB expense includes an implicit subsidy—the portion of retiree health claims costs that exceed those premiums due to blending retirees costs with active employee costs in a shared pool. In accordance with GASB Statement No. 75, this expense is calculated on an accrual basis and reflects the actuarially determined cost of benefits earned during the reporting period, even if no corresponding cash expense was made. See “–Net OPEB Expense.”

Healthcare Plans Claims Liability. The recorded liability for the Employees Healthcare Plan at June 30, 2024, for employee health benefit claim payments for direct provider care was \$6.4 million.

Changes in the funds claims liability amount for the last two fiscal years are as follows (\$ in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Provision for Claims	Claims Payments	End of Fiscal Year Liability
2023	\$7,400	\$66,667	\$66,167	\$7,900
2024	7,900	69,512	71,012	6,400

Source: City of Fresno Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

Long-Term General Fund Obligations

The City has never defaulted on the payment of principal or interest on any of its indebtedness. Following is a brief summary of the lease obligations and direct and overlapping debt of the City.

No General Obligation Debt. The City has no direct general obligation bonded indebtedness and has no authorized and unissued general obligation debt.

Capital Lease Obligations. The City has made use of various lease arrangements with private financing entities for the use and acquisition of capital assets. These capital lease arrangements have terms ranging from three to 10 years. The longest capital lease arrangement ends in 2036. As of June 30, 2025, the City had approximately \$27.4 million in capital lease obligations outstanding.

Lease Revenue Bonds. The City has issued lease revenue bonds payable from the General Fund to finance various capital projects and pension obligation bonds payable from the General Fund. As of June 30, 2025, the City had approximately \$107.6 million principal amount of lease revenue bonds outstanding (excluding the Series 2025 Bonds to be issued) payable from the General Fund.

Pension Obligation Bonds. The City has issued pension obligation bonds payable from the General Fund to finance pension obligations. As of June 30, 2025, the City had approximately \$55.4 million principal amount of pension obligation bonds outstanding payable from the General Fund.

For a summary of the City’s outstanding obligations payable from the General Fund, see APPENDIX B–“CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024–Notes to the Financial Statements–Note 7: Long-Term Liabilities.”

Table A-22 summarizes the long-term General Fund obligations of the City as of June 30, 2025. Certain of the obligations reflect annual payments made for debt service on lease revenue bonds or for which the General Fund is obligated as a secondary or tertiary source to make payments for debt service issued to finance capital projects. See Table A-23 for the debt service payable on the long-term General Fund obligations for Fiscal Years 2025-26 through Fiscal Year 2029-30.

Table A-22
City of Fresno
Long-Term General Fund Obligations
(As of June 30, 2025)

Issue	Dated Date	Original Principal Amount	Outstanding Principal Amount	Maturity Date
Capital Leases ⁽¹⁾	Various	Various	\$27,406,193	Various
Lease Revenue Bonds (Exhibit Hall Expansion Project) Series of 1998 ⁽²⁾	October 1, 1998	\$32,609,535	702,562	September 1, 2028
Lease Revenue Bonds (Multi-Purpose Stadium) Series 2001B (Federally Taxable) ⁽³⁾	June 12, 2001	22,235,000	8,655,000	June 1, 2031
Taxable Pension Obligation Bonds Refunding Series 2002 ⁽⁴⁾	February 21, 2002	205,335,000	55,400,000	June 1, 2029
Lease Revenue Bonds (Various Capital Projects) Series 2004C (Federally Taxable)	April 28, 2004	28,870,000	6,540,000	October 1, 2029
Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017A	May 10, 2017	122,360,000	63,830,000	April 1, 2039
Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017B (Federally Taxable)	May 10, 2017	23,920,000	12,350,000	April 1, 2031
Lease Revenue Bonds Series 2020A (Master Lease Projects)	November 3, 2020	17,145,000	<u>15,525,000</u>	April 1, 2046
		TOTAL	\$190,408,755	

(1) For details of the capital leases see APPENDIX B–“CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024–Notes to Financial Statements–Note 7–Long-Term Liabilities.”

(2) Issued as capital appreciation bonds. Convention Center revenues are reported in the Fresno Convention Center Enterprise Fund. Debt service on these bonds is payable from the General Fund.

(3) The Stadium was added as a Facility under the Master Lease and Master Sublease in connection with the issuance of the Series 2017A Bonds

(4) A portion of the debt service on these bonds is paid by the City’s Enterprise Funds. That portion of the debt service is transferred to the General Fund for the debt service payment.

Source: City of Fresno, Finance Department.

Table A-23
City of Fresno
Debt Service Schedule for Long-Term General Fund Obligations⁽¹⁾
Fiscal Years 2025-265 through 2029-30
As of June 30, 2025

Fiscal Year	Capital Leases⁽²⁾	Series 1998 Bonds⁽³⁾	Series 2001B Bonds	Series 2002 POBs	Series 2004C Bonds	Series 2017A Bonds	Series 2017B Bonds	Series 2020A Bonds	Fiscal Year Total⁽¹⁾
2025-26	\$4,426,800	\$189,338	\$1,210,000	\$12,560,000	\$1,180,000	\$4,970,000	\$1,865,000	\$455,000	\$26,856,138
2026-27	3,658,752	179,895	1,295,000	13,385,000	1,250,000	5,205,000	1,935,000	480,000	27,388,647
2027-28	3,312,560	170,925	1,385,000	14,260,000	1,320,000	4,915,000	2,010,000	500,000	27,873,485
2028-29	3,051,588	162,404	1,480,000	15,195,000	1,400,000	5,155,000	2,090,000	525,000	29,058,992
2029-30	2,916,056	0	1,585,000	0	1,390,000	4,045,000	2,180,000	555,000	12,671,056
TOTAL	\$17,365,756	\$702,562	6,955,000	\$55,400,000	\$6,540,000	\$24,290,000	\$10,080,000	\$2,515,000	\$123,848,318

(1) Excludes the Series 2025 Bonds to be issued,

(2) For details of the capital leases see APPENDIX B—"CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Notes to Financial Statements—Note 7—Long-Term Liabilities."

(3) The Series 1998 Bonds were issued as capital appreciation bonds.

Source: City of Fresno, Finance Department.

Direct and Overlapping Debt

Table A-24 below sets forth a statement of direct and overlapping debt (the “Debt Report”) within the City as of July 1, 2025. The Debt Report was prepared by California Municipal Statistics, Inc. and includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter take any responsibility for its completeness or accuracy of the Debt Report. Any questions concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc., San Francisco, California.

Table A-24
City of Fresno
Direct and Overlapping Debt Statement

2024-25 Assessed Valuation: \$52,145,444,669

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/25</u>
State Center Community College District	42.502%	\$ 148,325,605
Central Unified School District	82.233	250,675,983
Clovis Unified School District	48.256	262,958,919
Fowler Unified School District	4.245	2,882,163
Fresno Unified School District	84.509	682,006,505
Sanger Unified School District	24.320	59,519,426
Washington Unified School District	54.413	26,320,112
Orange Center School District	76.801	3,786,289
Washington Unified School District (former West Fresno Elementary School)	98.448	2,411,976
California Statewide Communities Development Authority		
Community Facilities District No. 2022-08, I.A.s 1 and 2	100.000	10,805,000
City of Fresno Community Facilities District No. 4	100.000	515,000
City of Fresno Community Facilities District No. 5	100.000	480,000
City of Fresno Community Facilities District No. 7	100.000	875,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,451,561,978
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Fresno County General Fund Obligations	46.871%	\$ 7,487,642
Fresno County Pension Obligation Bonds	46.871	78,385,948
Central Unified School District Certificates of Participation	82.233	77,512,012
Clovis Unified School District Certificates of Participation	48.256	75,786,048
Fresno Unified School District Certificates of Participation	84.509	3,764,876
Sanger Unified School District Certificates of Participation	24.320	28,674,590
Washington Unified School District Certificates of Participation	54.413	2,339,759
Clovis Veterans Memorial District General Fund Obligations	47.196	1,637,701
City of Fresno General Fund Obligations	100.000	107,602,562
 City of Fresno Pension Obligation Bonds	100.000	55,400,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	(1)	\$438,591,138
 COMBINED TOTAL DEBT	(2)	\$1,890,153,116

(1) Excludes the Series 2025 Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.78%
Combined Direct Debt (\$163,002,562)	0.31%
Combined Total Debt.....	3.62%

Source: California Municipal Statistics, Inc.

Future Financings

The City will evaluate the development of the projects identified in the Fiscal Year 2026-2030 CIP which has an aggregate preliminary budgeted cost of \$2.223 billion. If these projects are undertaken, the City expects they will be financed with available cash, grants, and/or through the issuance of debt. For a summary of the Fiscal Year 2026-2030 CIP, see “FINANCIAL INFORMATION–Anticipated Capital Projects and Funding Sources.”

The Fiscal Year 2025-26 Adopted Budget anticipates that the City will issue \$100 million in lease revenue bonds (excluding the Series 2025 Bonds) payable from General Fund revenues to finance street and road improvements throughout the City over a two-year period. It is expected that payments on these bonds will commence in Fiscal Year 2029-30.

The City intends to enter into a lease-purchase arrangement with a third party to acquire a building that will serve as its Police Department Headquarters. A portion of the proceeds of the Series 2025 Bonds will be used to finance construction and installation of tenant improvements. For a description of the tenant improvements, see “PLAN OF FINANCE–2025 Projects–Police Department Headquarters Improvements.

The Police Department Headquarters is not a Leased Facility under the Lease and the Sublease.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This section of Appendix A contains general information concerning the historic economic and demographic conditions in the City. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature and reflects information available as of its dated date; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City. In particular certain information provided in this Section predates the COVID-19 pandemic. See “CERTAIN BONDOWNERS’ RISKS–Potential Impacts of COVID-19 and Other Health-Related Risks.”

Overview

The City, the county seat of the County, was incorporated in 1885. The City covers approximately 115.2 square miles, is located in central California approximately 184 miles southeast of the City of San Francisco and approximately 200 miles north of the City of Los Angeles.

In addition to traditional general government functions of police and fire services, as of June 30, 2024, the City operated as enterprises more than 140,000 active water, sewer, and solid waste utility accounts, a major convention center facility, a multipurpose stadium, and two airports: The Fresno Yosemite International Airport and the Fresno Chandler Executive Airport. See also, “–ECONOMIC AND DEMOGRAPHIC INFORMATION–Transportation–Airports.” The City also provides the downtown area with 5,892 parking stalls, and 1,814 parking meters. An additional 3,661 parking spaces are provided within four City-owned parking structures.

The City also provides street maintenance and other public works functions to its residents in addition to operating 1250 acres of parks (including 76 regional, neighborhood parks, community, and pocket parks), 11 skate parks, 20 community centers, one senior activity center, five gymnasiums, 102 sport courts, 94 sport fields, 10 public pools, one 18-hole golf course, and one outdoor retreat. See also, “–ECONOMIC AND DEMOGRAPHIC INFORMATION–Education and Community Services.”

City Government

The City is a charter city, operating under the “strong mayor” form of government. Under the strong mayor form of government, the Mayor serves as the City’s chief executive officer, appointing and overseeing the City Manager who is also the Chief Administrative Officer, recommending legislation and presenting the annual budget to the City Council. The Mayor does not participate in City Council deliberations, except by exercising veto power. The Mayor, members of the City Council and key administrative personnel of the City are listed in Table A-25 and Table A-26, respectively :

Table A-25
City of Fresno
Mayor and City Council Members

Member	Position	Term Expires
Jerry P. Dyer	Mayor	January 2, 2029
Analisa Perea, <i>District 1</i>	Councilmember	January 5, 2027
Mike Karbassi, <i>District 2</i>	President	January 2, 2029
Miguel Arias, <i>District 3</i>	Vice President	January 5, 2027
Tyler Maxwell, <i>District 4</i>	Councilmember	January 2, 2029
Brandon Vang, <i>District 5</i>	Councilmember	January 5, 2027
Nick Richardson, <i>District 6</i>	Councilmember	January 2, 2029
Nelson Esparza, <i>District 7</i>	Councilmember	January 5, 2027

Table A-26
City of Fresno
Key Administrative Personnel

Member	Position
Georgeanne A. White	City Manager
Andrew Janz	City Attorney
Santino Danisi	Finance Director/City Controller
Todd Stermer, MMC	City Clerk

Total budgeted City full-time equivalent employees payable from the General Fund number 2,493.54 for Fiscal Year 2025-26, of which 1,330 are budgeted for the Police Department and 428.0 are budgeted for the Fire Department. Fire and Police protection service is provided by the City, which has 21 fire stations and five policing districts and one central headquarters within its borders.

Population

As of January 1, 2025, the State Department of Finance estimated that the City was the fifth largest city in the State by population and is the largest city in the County.

Between January 1, 2021 and January 1, 2025, the City's estimated population increased approximately 2.7% compared to an approximately 4.7% decrease for the County and an approximately 0.4% increase for the State for the same period. A summary of the estimated population for the City, the County and the State as of January 1, 2021 through 2025 is shown in Table A-27:

Table A-27
City, County and State Population
2021 through 2025[†]
(As of January 1)

Year	City	County	State
2021	542,445	1,088,686	39,369,530
2022	544,097	1,012,350	39,179,680
2023	545,585	1,015,633	39,228,444
2024	552,751	1,028,120	39,420,663
2025 [†]	557,032	1,037,053	39,529,101

[†] Preliminary.

Sources: *State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State with annual percent change – January 1, 2024, Sacramento, California, May 1, 2025.*

Employment

Table A-28 summarizes the annual average labor patterns in the City, the County, the State, and the United States from 2020 through 2024.

Table A-28
Estimates of Civilian Labor Force, Employment, and Unemployment
Annual Average for Calendar Years 2020 through 2024

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2024				
City				. %
County	459,000	424,700	34,3000	7.5
State	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2023[†]				
City	246,800	232,200	14,600	5.9
County	459,000	424,700	34,300	7.5
State	19,471,000	18,551,800	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6
2022				
City	234,800	223,100	11,700	5.0
County	453,200	424,300	28,900	6.4
State	19,251,974	18,440,895	811,079	4.2
United States	164,287,000	158,291,000	5,996,000	3.6
2021				
City	231,300	212,400	18,900	8.2
County	444,500	403,900	40,600	9.1
State	8,973,377	17,586,314	1,387,063	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2020				
City	233,200	207,400	25,800	11.1
County	446,500	394,500	52,000	11.7
State	18,971,560	17,047,569	1,923,991	10.1
United States	160,742	147,795,000	12,947,000	8.1

[†] Revised.

Sources: State of California Employment Development Department, Local Area Unemployment Statistics, Annual Average for City, County and State data, and U.S. Department of Labor, Bureau of Labor Statistics for United States data.

From March 2020 through 2021, the COVID-19 pandemic caused an unprecedented loss of jobs and an increase in unemployment. The State Employment Development Department reported annual 2020 unemployment rates (not seasonally adjusted) for the State of 10.1% (compared to 4.1% for 2019), 11.7% for the County (compared to 7.2% for 2019), and 11.1% for the City (compared to 5.7% for 2019). Since 2020, unemployment has declined to rates that are comparable, and in some cases better, than pre-pandemic annual unemployment rates.

The preliminary unemployment rate (not seasonally adjusted) for the City for June 2025 was 7.1% (compared to 5.9% for May 2025-revised), was. 8.6% for the County (compared to 7.9% for May 2025-

revised), was 5.7% for the State (compared to 4.9% for May 2025), and was 4.1% of the nation (compared to 4.2 for May 2025-revised), indicating jobless rate improvement. [[During this period, private education, health services, and government within the County increased by 3,600 jobs - *Conform to latest available data*]].

Principal Employers

Increasing numbers of industrial, manufacturing and service industries are moving their operations to the Fresno Standard Metropolitan Statistical Area (“SMSA”). According to the California Department of Commerce, one of the largest increases in California manufacturing employment in recent years has been in the Fresno SMSA.

Seven key industries shape the City's economy, reflecting its diverse employment landscape. Over 60% of the City's workforce is engaged in public education and government, healthcare, real estate, wholesale, manufacturing, professional services, and retail.

Table A-29 lists the major public and private sector employers within the City and their estimated number of full-time employees as of June 30, 2024.

Table A-29
City of Fresno
Principal Employers
As of June 30, 2024

<u>Employer</u>	<u>Industry/Service</u>	<u>Estimated Full-Time Employees</u>
Fresno Unified School District	Education	13,669
Community Regional Medical Center	Healthcare	9,750
County of Fresno	Government	8,980
California State University, Fresno	Education	5,233
City of Fresno	Municipality	5,015
State Center Community College District	Education	4,367
Internal Revenue Service	Federal Government	4,230
Amazon.com, Inc.	Online Retailer	3,900
Saint Agnes Medical Center	Healthcare	3,075
Foster Farms LLC	Food Producer	3,009

Source: Fresno County Economic Development Corporation.

Agriculture

Agriculture and food processing are major contributors to the region's economy, and the County has led the nation in the value of annual agricultural production for many years. However, agriculture-related employment is generally located outside of the City limits and accounts for just 3% of employment within the City.

According to the County Department of Agriculture, agriculture continues as the leading industry in the County and, through its multiplier effect, had a total economic impact in excess of \$6.0 billion each year since 2011. Table A-30 lists the top leading agricultural crops within the County for the most recent five years for which data is available.

Table A-30
County of Fresno
Ten Leading Crops for Years 2019 to 2023⁽¹⁾
(\$ in thousands)

	2019	2020	2021	2022	2023 ⁽¹⁾
Grapes	\$962,857	\$1,046,357	\$1,348,592	\$1,241,178	\$1,339,412
Almonds	1,577,193	1,255,476	1,441,392	1,141,308	1,023,658
Pistachios	660,640	761,768	722,064	705,941	862,021
Tomatoes	322,429	381,349	419,863	429,263	601,389
Cattle and Calves	349,044	417,551	417,580	488,665	572,418
Poultry ⁽²⁾	522,720	573,959	537,764	538,305	546,119
Milk	404,134	464,561	484,548	655,138	538,349
Peaches	—	264,139	231,978	368,392	365,871
Garlic	370,920	398,566	286,110	351,875	309,396
Nectarines	—	—	—	—	246,369
Mandarins	240,334	—	—	240,684	—
Oranges	234,887	305,204	239,517	—	—
Onions	—	—	—	—	—
Cotton	—	—	—	—	—
TOTAL TEN LEADING CROPS	5,645,158	5,868,930	6,129,408	6,160,749	6,405,002
Other Crops	2,112,402	2,110,720	1,956,159	1,934,797	2,184,052
TOTAL	\$7,757,560 ⁽³⁾	\$7,979,650	\$8,085,567	\$8,095,546	\$8,589,054
Percent Change	2.3%	2.9%	1.3%	0.1%	6.1%

(1) Most recent annual data available.

(2) Includes turkeys, chickens, ducks, geese, gamebirds, and eggs

(3) Restated.

Sources: Fresno County Department of Agriculture, Crop Reports for 2019 through 2023.

Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and

personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table A-31 presents the latest available personal income data for calendar years 2019 through 2023 (the most recent annual data available).

Table A-31
County of Fresno
Personal Income
Calendar Years 2019 through 2023[†]

Year and Area	Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2023[†]		
County	\$53,633	\$52,728
State	3,166,135	81,255
United States	23,380,269	69,810
2022		
County	51,215	50,440
State	3,003,826	76,941
United States	22,077,232	66,244
2021⁽²⁾		
County	52,658	51,977
State	3,009,557	76,882
United States	21,403,979	64,460
2020[†]		
County	48,660	48,200
State	2,769,103	70,098
United States	19,660,945	59,123
2019		
County	42,846	42,636
State	2,539,747	64,219
United States	18,349,584	55,567

[†] Most recent annual data available.

Sources: U.S. Bureau of Economic Analysis, CAINC1 County and MSA personal income summary; personal income; population, per capita income (accessed Tuesday, April 29, 2025); SAINC1 State annual personal income summary; personal income, population, per capita income; and Regional Economic Information System (accessed Tuesday, April 29, 2025).

Although median household income within the City is lower than that for the State (Table A-32), median housing costs are lower. Tables A-33 and A-34 below illustrate a comparison of median home list prices per square foot and of monthly median rental prices for the 10 largest cities within the State.

Table A-32
Median Household Income
10 Largest Cities Within the State

<u>City</u>	<u>Median Income</u>
Fresno	\$67,000
Bakersfield	79,000
Los Angeles	80,000
Long Beach	82,000
Anaheim	85,000
Sacramento	90,000
Oakland	97,000
San Diego	104,000
San Francisco	127,000
San José	136,000

Source: Census.gov.

Table A-33
Median Home List Prices
10 Largest Cities Within the State
per Square Foot
(As of May 2025)

<u>City</u>	<u>Price</u>
Bakersfield	\$241
Fresno	257
Sacramento	331
Oakland	515
Anaheim	595
Long Beach	667
Los Angeles	709
San Diego	722
San José	829
San Francisco	939

Source: Realtor.com.

Table A-34
Median Monthly Rental Prices
10 Largest Cities Within the State
(As of May 2025)

<u>City</u>	<u>Price</u>
Fresno	\$1,545
Bakersfield	1,875
Sacramento	2,074
Oakland	2,245
Long Beach	2,921
Anaheim	2,931
San José	3,100
San Diego	3,120
Los Angeles	3,187
San Francisco	3,400

Source: Realtor.com.

Construction Activity

For Fiscal Year 2024-25, the City estimates that construction permits valued in excess of \$498.4 million were issued. Of the total dollar volume of construction permits issued in Fiscal Year 2024-25, approximately 63% were issued in connection with residential projects. Building permit valuations for the last 10 Fiscal Years are summarized in Table A-35

In connection with a software update in 2025, the City discovered that the building permit valuations, as provided by the applicants, previously reported had been understated. Commencing with Fiscal Year 2024-25, the City implemented a new methodology, and therefore the data for Fiscal Year 2024-25 is not directly comparable to prior Fiscal Years. As of the date of this Official Statement the City is not able to quantify the magnitude of the understatement.

Table A-35
City of Fresno
Building Permit Valuation
Fiscal Years 2015-16 through 2024-25
(\$ in thousands)

Fiscal Year	Total Assessed Value	Construction Permits Issued			
		Commercial		Residential	
		Number of Permits	Value	Number of Units ⁽¹⁾	Value
2015-16	\$31,526,423	1,641	\$209,928	8,313	\$371,820
2016-17	32,941,136	1,948	453,627	11,227	396,042
2017-18	34,453,903	1,876	295,463	10,998	486,121
2018-19	36,613,201	2,988	368,487	6,470	574,652
2019-20	38,558,581	1,731	574,267	8,022	847,020
2020-21	40,869,954	1,387	523,943	9,045	833,508
2021-22	42,380,248	1,322	290,024	9,458	634,931
2022-23	45,743,954	1,774	462,719	10,796	893,149
2023-24	49,289,992	1,561	712,708	13,217	555,663
2024-25 ⁽²⁾	52,145,445	1,802	183,832	5,644	314,534

(1) Includes individual units and structures as appropriate—a composite of new construction, repairs and relocations.

(2) Estimated number of permits based upon data available through November 2025.

Sources: County of Fresno Assessors Office for Assessed Value and the City of Fresno Development Department for all other information.

Sustainability Projects. In 2019, the City launched a Sustainability Division within the Public Works Department to help the City improve its energy efficiency and renewable energy goals in City owned facilities.

Since its inception, the Sustainability Division has been implementing a number of transformative initiatives throughout the City, including, expanding the City’s renewable energy portfolio from a solar offset in 2020 of 1.7% to 46.3% in 2025, with a number of other projects currently under construction and final design; negotiating and developing over 34 megawatts (MW) of new solar and battery storage projects at 10 Citywide sites, replacing more than 43,000 City streetlights with light emitting diodes (LEDs) saving 8.9 million kilowatt hours annually; and developing and completing energy efficiency projects at 76 different sites at the City’s Municipal Service Center, Parks, Fire, Police, and the Department of Public Utilities facilities.

The Sustainability Division is also committed to implementing the City’s Climate Action Plan (CAP) which is committed to providing livable, equitable, and economically vibrant communities which includes the reduction of GHG emissions. The City has implemented a number of sustainability and conservation efforts as a municipality to include the City’s established clean energy use goal of 50% renewable energy by 2025. For a summary of the CAP, see “CERTAIN RISKS TO BONDOWNERS—Climate Change.”

Commercial Activity

The City is located in the center of a California market of more than 35 million people. The City serves as the retail, financial and service center for the San Joaquin Valley. The City's economy, stemming from its location in the nation's number one agricultural producing county, is expanding to a broader base, including increased investment, development and employment in the industrial and commercial sectors. For information regarding taxable retail sales within the City, see "CITY FINANCIAL INFORMATION—Sales Tax—Table A-12—Taxable Retail Sales."

Transportation

Highways. The City has a well-developed transportation network which includes road, rail, and bus services. State Highway 99 intersects the City. Interstate 5, the principal north-south artery in the State is located approximately 40 miles west of the City. The City is also served by State Highways 180, 168 and 41.

Railroads. Amtrak railroad crosses the County with its main line generally paralleling State Highway 99, with trunk lines running into adjoining counties. Freight transportation is also provided by several intra-state and transcontinental trucking firms.

High-Speed Rail. The California High-Speed Rail Authority (the "CHSRA") is planning the construction of an approximately 800-mile high-speed rail network with 24 stations across the State. According to the CHSRA, current plans are to eventually connect San Francisco to Los Angeles with a station to be located in Downtown Fresno (one of four planned for the Central Valley), with parking facilities and connections to the City's Bus Rapid Transit system. The current construction packages will result in 10 new grade-separated railroad crossings within the City, improving safety and reducing congestion. The Early Operating Segment from Merced to Bakersfield (the "EOS") is expected to launch operations no earlier than 2030 and perhaps as late as 2033.

On June 4, 2025 the Federal Railroad Administration (the "FRA") issued a Notice of Proposed Determination to the CHSRA, signaling the intent of the FRA to terminate two major federal funding agreements for the California High-Speed Rail Project (the "CHSRA Project"). These agreements, totaling approximately \$4 billion, were intended to support the development of a high-speed rail system connecting major metropolitan areas in California, with an initial focus on the EOS. The FRA estimates a funding gap of \$7 to \$9 billion for the EOS alone and that the funding gap is likely to increase in future years. If CHSRA fails to respond adequately or cannot demonstrate a viable path forward, the FRA intends to terminate the federal funding agreements. Unspent federal funds may be reprogrammed for other purposes, and the FRA reserves the right to seek repayment of funds if warranted.

The CHSRA filed an initial response with the FRA on June 11, 2025 challenging the accuracy of the facts and subsequent analyses on which the FRA relied for proposing termination of federal funding, and requesting a meeting with the FRA and a 15 day extension for submittal of a CHSRA response to the FRA June 4, 2025 report.

On July 16, 2025, the FRA issued a letter to the CHSRA immediately terminating federal funding for the CHSRA Project.

The City does not believe that failure to complete or further delay in the completion of such project will have a material adverse effect on City finances or operations.

Airports. Fresno Yosemite International Airport. The Fresno Yosemite International Airport (the "Airport") is located approximately 7.5 miles northeast of the downtown area on approximately 1,700 acres. The Airport, which includes an approximately 63,000 square foot terminal and an approximately 88,000

square foot two-level concourse terminal building, and two asphalt runways, is the regional airport for the Central San Joaquin Valley. The Airport is served by major carriers (including two international carriers) as well as commuter and air cargo carriers.

As part of an ongoing multi-year expansion program to support anticipated leisure and business passenger growth within Central San Joaquin Valley, the Airport is undertaking an approximately \$147.1 million, approximately 117,800 square foot expansion of the terminal building at the Airport. The improvements include expansion of the TSA passenger screening area to enhance passenger circulation and reduce wait times, new TSA and airline baggage handling areas with added capacity and a new upper-level concourse with two dual-use passenger bridges to facilitate domestic and international boarding, larger holdrooms, space for new shopping and dining concessions, and a new international arrivals facility, tripling the size and throughput of the existing facility to serve the growing volume of international passengers. The expansion of the Airport terminal building is expected to be completed in late fall 2025.

The Fresno Yosemite International Airport set an all-time annual record for passenger levels with fiscal year 2024's origin and destination passengers totaling 2,596,954, a 14.6% increase from the prior fiscal year's count of 2,265,985. Additionally, the number of plane landings increased by 29.4%, rising from 12,770 in fiscal 2023 to 16,527 in fiscal year 2024. The Airport Fund's passenger performance continues to outpace other small hub airports in the Western Pacific Region. The increase in passengers also translated into an increase in non-airline revenues..

A four-level covered parking structure with 920 spaces near terminal entrances opened in November 2021. The Airport is currently initiating construction on a project to reconfigure and expand airside surfaces to enhance aircraft circulation and parking to accommodate larger aircraft serving the new international/domestic gates.

There are two military operation areas located at the Airport: the largest of which is the California Air National Guard, which operates from two areas and the California Army National Guard.

Fresno Chandler Executive Airport. The City-owned and operated Fresno Chandler Executive Airport ("Chandler"), located on approximately 175 acres approximately 1.5 miles south of the downtown area, and approximately 6.5 miles northeast of the Airport. Since 1948, when airline operations were transferred to the Airport (then called Fresno Air Terminal at Hammer Field), the role of Chandler has been to serve regional aviation needs. During the early 1970's the FAA designated Chandler as a reliever airport to the Airport as part of the National Airspace System Plan. Chandler is designed to handle 95% of all general aviation aircraft weighing less than 12,500 pounds.

Bus Service. The City operates the Fresno Area Express ("FAX") bus system serving the greater Fresno Metropolitan Area with 18 fixed-route bus lines and paratransit service.

Education and Community Services

According to the State Department of Education, for the 2024-25 academic year public school education within the City provided by the Fresno Unified School District 67 elementary schools, 14 middle schools, 10 high schools, six alternative schools, three special education schools, and one adult education school. In addition, the district provides oversight and evaluation to 10 neighborhood charter schools. With more than 71,151 students enrolled (including District charter schools) during Fiscal Year 2023-24, the Fresno Unified School District is the third largest district in the State.

Fresno City College, a two year college within the State Center Community College District (the "College District"), was established in 1910 as the first community college in the State. Fresno City College is located in the central part of the City on East University Avenue and had an enrollment of approximately 34,000 full-time and part time-students for Fiscal Year 2023-24 (the most recent data available). The

College District is headquartered in the City, adjacent to the campus. The College District constructed an approximately 35,000 square foot Career and Technology Center (the “CTC”) in the southwestern area of the City devoted to career technical education. The first phase of the CTC opened in 2019 and offers automotive repair, industrial mechanics, construction, and fire technology programs. The second phase, the West Fresno Center, opened on August 7, 2023. This phase of the CTC comprises two state-of-the-art buildings occupying approximately 110,000 square feet for the Academic Building and the Advanced Transportation Center.

The approximately 388-acre California State University, Fresno (“Fresno State”) main campus and the approximately 1,000-acre University Farm are located in the northeast portion of the City. Fresno State is one of the 23 campuses of the California State University System and had an enrollment of more than 24,000 full-time equivalent students for Fiscal Year 2023-24 (the most recent academic year data available).

Culture and Recreation

Cultural facilities in the City include the City-owned Fresno Convention and Entertainment Center which is owned by the City and consists of four separate facilities: the Selland Arena, with a seating capacity of 7,200 and general admission floor capacity of 9,200; the William Saroyan Theatre, with a seating capacity of 2,351, the Ernest Valdez Exhibit Hall, a 32,000 square foot multi-purpose facility; and more than 66,000 square foot exhibit hall with an additional 16,000 square feet of exhibit space in the first and second floor lobbies. This Exhibit Hall is located across the street from the other facilities comprising the Convention Center Complex.

Cultural facilities also include the Fresno Art Museum, History and Science, the Meux Home Museum, the Legion of Valor Museum, Arte Americas, and the African American Cultural and Historical Museum. The Fresno Philharmonic, the largest professional orchestra in the Central Valley, performs at the William Saroyan Theater. In addition, ballet productions are staged at the William Saroyan Theater by the Lively Arts Foundation and the Valley Performing Arts Council.

The Save Mart Center Arena, a 430,000 square foot facility, is the home of the Fresno State Bulldog basketball team, as well as serving as the premier location for major concerts and other performance events in the area, and seats between 15,000 to 18,000, depending on the seating configuration. The Save Mart Center Arena was privately financed and is operated by ASM Global, the same company with whom the City has contracted to manage the Fresno Convention and Entertainment Center.

The 12,500 seat Multi-Purpose Stadium, the home of a Major League Baseball single-A affiliate of the Colorado Rockies, is located in downtown Fresno.

The City’s Parks, Recreation and Community Services Department maintains approximately 1,250 acres of parkland, including 76 regional, neighborhood, community, and pocket parks; a sports complex/regional park; 10 public swimming pools; 102 sports courts including tennis, pickleball, basketball, volleyball, bocce, pétanque, and handball courts; 92 diamond and fields for soccer, football, rugby, baseball and softball; 11 skate parks, including a 30,000 square foot BMX skate park; one municipal 18-hole golf course; and Camp Fresno that offers 35 cabins, 16 tent sites, one social hall, and two large bunkhouses including a kitchen and recreation hall for youth camps and large group retreats.

A variety of other recreational facilities are available within the City park system, including a senior activity center; 20 community centers that offer indoor facilities for youth and senior programs, open recreation, facilities for meeting and large gatherings; and five gymnasiums. The City-owned regional park includes the Chaffee Zoological Gardens, the third largest zoo in the State. In addition, the City is located approximately a 90 minute drive from each of Yosemite, Kings Canyon and Sequoia National Parks.

The City is planning to construct its first dedicated Citywide senior activity center. The approximately 35,000 square foot facility will provide space for senior activities, including meal and nutrition, health and fitness, and wellness programs and other activities and will be easily accessible by FAX. See also “Transportation–*Bus Service*.”

Local news coverage is provided by the *Fresno Bee* which prints publications three times per week and provides a 24/7 digital edition, six television stations, and several radio stations and online sites.

The Fresno Arts Council, the local arts agency for the City and the County, provides financial support services and arts programming to a variety of cultural arts organizations, individual artists, regional art initiatives, and diverse communities, including the ArtHop, a monthly public arts experience in the Fresno metro area offering free entry to exhibitions, gallery shows, and special performances. The Fresno Arts Council administers the Expanded Access to Arts and Culture grant program funded by Measure P, a Citywide sales tax.

APPENDIX B

**CITY OF FRESNO, CALIFORNIA, ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

APPENDIX C

FORMS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Fresno, a municipal corporation and chartered city duly organized and validly existing under the Constitution and the laws of the State of California (the “City”), on behalf of the Fresno Joint Powers Financing Authority (the “Authority”) in connection with the issuance of \$ _____ Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025A (the “Series 2025A Bonds”) and \$ _____ Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025B (Federally Taxable) (the “Series 2025B Bonds” and, together with the Series 2025A Bonds, the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to a Master Trust Agreement dated as of September 1, 2025 (the “Trust Agreement”), by and between the Authority and [The Bank of New York Mellon Trust Company, N.A.], as trustee (the “Trustee”). The Series 2025 Bonds are secured by and payable from a pledge, charge and lien upon, certain rental payments received by the Authority from the City (the “Base Rental Payments”) pursuant to a Master Facilities Sublease, dated as of September 1, 2025 (the “Sublease”), by and between the Authority and the City. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Series 2025 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

“*Disclosure Representative*” shall mean the Controller of the City or her or his designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

“*EMMA*” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“*Filing Date*” shall mean March 31 of each Fiscal Year of the City (or the next succeeding business day if such day is not a business day), commencing March 31, 2026.

“*Financial Obligation*” means a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “Financial Obligation” excludes

municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City and certified to the Trustee in writing by an Authorized Representative of the City.

“Holders” shall mean either the registered owners of the Series 2025 Bonds, or, if the Series 2025 Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Obligated Person” means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Official Statement” means the Official Statement dated _____, 2025 relating to the 2025 Bonds.

“Participating Underwriter” shall mean the original underwriter of the Series 2025 Bonds required to comply with the Rule in connection with offering of the Series 2025 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time and including any official interpretations thereof issued either before or after the effective date of this Disclosure Certificate which are applicable to this Disclosure Certificate.

“Specified Event” shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, provide or shall cause the Dissemination Agent to provide, to the MSRB not later than the Filing Date, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year of the City changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5. The Dissemination Agent shall have no duty or obligation to review such Annual Report.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

1. If the City is unable to provide to the Dissemination Agent an Annual Report by the Filing Date, and if not previously filed by the City, send a notice in a timely manner, in electronic format, to the MSRB in substantially the form attached hereto as Exhibit A.

2. File a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City, presented in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time. If the audited financial statements of the City are not available by the time the Annual Report is required to be filed as described above, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) A maturity schedule for the outstanding Series 2025 Bonds.

(c) The balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior Fiscal Year:

(i) the Acquisition and Construction Fund; and

(ii) the Reserve Account (with a statement of the current Reserve Account Requirement).

(d) A statement of the principal amount of Series 2025 Bonds redeemed in the prior fiscal year, provided however, that no such statement in the Annual Report shall be required if the information which would be included therein has been provided in accordance with Section 5 hereof.

(e) An identification of any real property substituted for a Leased Facility under a Master Sublease.

(f) The adopted budget of the City for the then current Fiscal Year.

(g) To the extent such information is not included in the audited financial statements, information updating information similar to that contained in Table A-3—"General Fund Balance Sheet," Table A-4—"General Fund Revenues and Expenditures and Changes in Fund Balances," Table A-7—"Assessed Value of Taxable Property," Table A-8—"Assessed Valuation of Parcels by Land Use," Table A-10—"Principal Secured Taxable Property Owners by Valuation," Table 11—"Property Tax Levies and

Collections,” Table A-12–“Taxable Retail Sales,” Table A-16–“Fire and Police System–Schedule of Funding Progress,” Table A-17–“Employees’ Retirement System–Schedule of Funding Progress,” Table A-18–“Fire and Police Retirement System–Schedule of Employer Contributions,” Table A-19–“Employees Retirement System–Schedule of Employer Contributions,” Table A-22–“Long-Term General Fund Obligations,” Table A-24–“Direct and Overlapping Debt Statement,” and Table A-35–“Building Permit Valuation” to the Official Statement.

- (h) A description of any event of default under the Trust Agreement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Specified Events.

(a) Pursuant to the provisions of this Disclosure Agreement, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025 Bonds, no later than ten (10) Business Days after the occurrence of such event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025A Bonds, or other material events affecting the tax status of the Series 2025 Bonds;
7. Modifications to rights of the Series 2025 Bond Holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property, if any, securing repayment of the Series 2025 Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City or other Obligated Person;

13. The consummation of a merger, consolidation, or acquisition involving the City or an Obligated Person, or the sale of all or substantially all of the assets of the City or an Obligated Person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the City or other Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or other Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or other Obligated Person, any of which reflect financial difficulties.

(b) Wherever the City obtains knowledge of the occurrence of Specified Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the Specified Event.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a) (8) (if the event is a bond call), (a)(10), (a)(12), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in this Section 5 with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Specified Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in Section 5(b).

(d) If in response to a request under Section 5(b), the City determines that the Specified Event would not be material under applicable federal securities laws, the City shall so notify the Trustee in writing and instruct the Dissemination Agent not to report the occurrence.

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Specified Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

(f) For purposes of this Disclosure Agreement, any event described in Section 5(a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City or other Obligated Person in a proceeding under the United States Bankruptcy Code or in any other proceeding under federal or State law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or other Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority

having supervision or jurisdiction over substantially all of the assets or business of the City or other Obligated Person.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the instructions of the City to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Specified Events, the City shall indicate the full name of the Series 2025 Bonds and the nine-digit CUSIP numbers for the Series 2025 Bonds as to which the provided information relates.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2025 Bonds.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time upon delivery of written notice thereof to the City at least 30 days prior to the effective date of such resignation. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied with respect to such amendment or waiver:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or a change in the nature, identity or status of an Obligated Person with respect to the Series 2025 Bonds or the type of business conducted by such person;

(b) The undertaking in this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2025 Bonds in the same manner as provided in the Trust Agreement for amendments to such Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information being presented by the City.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

Date: _____, 2025

CITY OF FRESNO

By: _____
Finance Director/City Controller

Acknowledged and Accepted:

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
[Name]. [Title]

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fresno Joint Powers Financing Authority

Name of Bond Issues: Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025A *and* Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025B (Federally Taxable)

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the City of Fresno (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Certificate executed in connection with the issuance of the Series 2025 Bonds and Section 8.08 of the Master Sublease dated as of September 1, 2025 between the City and the Fresno Joint Powers Financing Authority. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Authorized Officer

cc: City of Fresno

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Series 2025 Bonds, payment of principal, interest and other payments on the Series 2025 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2025 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Series 2025 Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Series 2025 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2025 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2025 Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is

also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and distributions on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer

or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Trustee, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Trustee. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**[APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY]**

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