SH DRAFT #5
9/17/20

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 2020

NEW ISSUE — FULL BOOK-ENTRY

RATING[S]: S&P: ___
(See "RATING[S]")

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, the interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. 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 2020A Bonds. See "TAX MATTERS."

$___,___,000*
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(MASTER LEASE PROJECTS)
SERIES 2020A

Dated: Date of Delivery **Due: April 1, as shown on inside cover**

The Fresno Joint Powers Financing Authority (the "Authority") is issuing $___,___,000* principal amount of Fresno Joint Powers Financing Authority Lease Revenue Bonds (Master Lease Projects), Series 2020A (the "Series 2020A Bonds") to pay: (i) the costs of construction and equipping an animal services facility (the "Series 2020A Project") to be located in the City of Fresno (the "City"); [(ii) capitalized interest on the Series 2020A Bonds to and including April 1, 2021; and (iii)] certain costs associated with the issuance of the Series 2020A Bonds, including the premiums for the Policy and the Reserve Account Policy (each defined herein). See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2020A Bonds are being issued pursuant to a Master Trust Agreement dated as of April 1, 2008 (the "Master Trust Agreement"), as previously amended and supplemented, including as further amended and supplemented by the Fourth Supplemental Trust Agreement, dated as of October 1, 2020 (the "Fourth Supplemental Trust Agreement"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Master Trust Agreement as previously amended and supplemented and as further amended and supplemented by the Fourth Supplemental Trust Agreement is referred to as the "Trust Agreement."

Interest on the Series 2020A Bonds is payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2021. Principal of the Series 2020A Bonds is payable on April 1 of each year as set forth on the inside cover. The Series 2020A Bonds will each be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("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 2020A Bonds. Payments of principal, interest and premium, if any, on the Series 2020A 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 2020A 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 2020A Bonds are subject to optional, extraordinary, and mandatory sinking fund redemption as described herein. See "THE SERIES 2020A BONDS–Redemption Provisions."

The Series 2020A 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 April 1, 2008 (the "Master Sublease"), as previously amended and supplemented, including as amended and supplemented by a Fourth Amendment to Master Facilities Sublease, dated as of October 1, 2020, each by and between the Authority and the City, for beneficial use and occupancy of certain real property and the improvements thereon (collectively, the "Facilities"). The Master Sublease as previously amended and supplemented and as further amended and supplemented by the Fourth Amendment to Master Facilities Sublease is referred to as the "Sublease."

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Base Rental Payments" and "THE FACILITIES." Certain of the Authority's previously issued bonds (collectively, the "Master Lease Revenue Bonds") in the aggregate principal amount of $_____ are outstanding under the Trust Agreement and are payable from Base Rental Payments on a parity with the Series 2020A Bonds. The Series 2020A Bonds, the Master Lease Revenue Bonds, and any Additional Bonds (as defined herein) are referred to as the "Bonds."

[On the date of the delivery of the Series 2020A Bonds, the Authority will deposit a debt service reserve insurance policy (the "Reserve Account Policy") issued by the Bond Insurer in the amount of the Reserve Account Requirement for deposit into the Reserve Account (each as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Reserve Account."]

The Series 2020A 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 2020A Bonds. The obligation of the City to make Base Rental Payments 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 2020A Bonds when due will be guaranteed under a municipal bond insurance policy for the Series 2020A Bonds to be issued concurrently with the delivery of the Series 2020A Bonds by _______. See "BOND INSURANCE."]

The Series 2020A 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 Schiff Hardin LLP, San Francisco, California, Disclosure Counsel. Hawkins Delafield & Wood LLP, Los Angeles, California is serving as counsel to the Underwriter. It is expected that the Series 2020A Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _______, 2020.

J.P. Morgan

Date of this Official Statement: _______, 2020

____

* Preliminary, subject to change.

MATURITY SCHEDULE

$___,___,000*
CITY OF FRESNO LEASE REVENUE BONDS
(MASTER LEASE PROJECTS)
SERIES 2020A

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†

$______ __% Term Bonds due _______, 20__; Price: _____; Yield: ____; CUSIP No.† _____
$______ __% Term Bonds due _______, 20__; Price: _____; Yield: ____; CUSIP No.† _____

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* 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 2020A Bonds by a person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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 2020A Bonds. Any statement made in this Official Statement involving forecasts or matter of estimates or opinion, whether or not expressly so stated, are intended solely as such and not as representations of fact. 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 2020A 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.

In connection with the offering of the Series 2020A Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series 2020A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2020A 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 current expectations. 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 2020A 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. 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 2020A Bonds by any person in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

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 2020A Bonds.

[________ (the "Bond Insurer") makes no representation regarding the Series 2020A Bonds or the advisability of investing in the Series 2020A 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 POLICY."]

FRESNO JOINT POWERS FINANCING AUTHORITY

GOVERNING BOARD

Mayor Lee Brand, *Chair*
Councilmember Esmeralda Z. Soria, *Vice Chair*
Council President Miguel Angel Arias, *Member*

CITY OF FRESNO

MAYOR AND CHIEF EXECUTIVE OFFICER

Lee Brand

CITY COUNCIL

Miguel Angel Arias, *President, District 3*
Paul Capriogolio, *Vice President, District 4*
Esmeralda Z. Soria, *District 1*
Mike Karbassi, *District 2*
Luis Chavez, *District 5*
Garry Bredefeld, *District 6*
Nelson Esparza, *District 7*

CHIEF CITY ADMINISTRATIVE PERSONNEL

Wilma Quan, *City Manager*
Douglas T. Sloan, *City Attorney*
Michael Lima, *Finance Director/City Controller*
Yvonne Spence, MMC, *City Clerk*

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Schiff Hardin LLP
San Francisco, California
Disclosure Counsel

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Trustee

KNN Public Finance, LLC
Oakland, California
Municipal Advisor

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OFFICIAL STATEMENT

$___,___,000*
FRESNO JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(MASTER LEASE PROJECTS)
SERIES 2020A

INTRODUCTION

This Introduction contains only a brief summary of the terms of the 2020A 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–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–CERTAIN DEFINITIONS."

Effect of COVID-19 on City Operations and Finances

On January 7, 2020, the Center for Disease Control and Prevention (the "CDC") and the Department of Homeland Security Customs and Border Protection implemented enhanced screenings to respond to an outbreak of a respiratory disease caused by a novel coronavirus that has spread worldwide. This 2019 novel coronavirus (SARS COV-2) and the disease it causes ("COVID-19") was declared by the World Health Organization (the "WHO") to be a pandemic and a "public health emergency of international concern." Since that declaration, the President of the United States, the United States Health and Human Services Secretary, the Governor of the State of California (the "State"), the Board of Supervisors of Fresno County (the "County"), and the Mayor of the City of Fresno (the "City") have also declared COVID-19 to be a public health emergency.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Actions taken by the federal, State, and local governments and changes in economic behavior have had an immediate impact on City operations and finances, drastically increasing expenditures and reducing revenues. The extent of the negative impact of COVID-19 on the City, its economy, and its finances will depend on future events, including future events outside of the control of the City, and actions by the federal and State governments. The City cannot predict the extent or duration of this pandemic or the eventual impact it may have on the financial condition or operations of the City. See also "CERTAIN RISKS TO BONDOWNERS'–Covid-19 and Other Public Health Emergencies" and APPENDIX A–"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FRESNO–FINANCIAL INFORMATION–Impact of COVID-19."

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 $___,___,000* principal amount of its Lease Revenue Bonds (Master Lease Projects), Series 2020 (the "Series 2020A Bonds"). The proceeds of the sale of the Series 2020A Bonds will be used to pay: (i) the costs of construction and equipping an animal services facility

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* Preliminary, subject to change.

Bonds to and including April 1, 2021]; and (iii)] certain costs associated with the issuance of the Series 2020A Bonds, including the premiums for the Policy and the Reserve Account Policy (each defined herein). See “ESTIMATED SOURCES AND USES OF FUNDS.”

Authority for Issuance

The Series 2020A 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 April 1, 2008 (the “Master Trust Agreement”), as previously amended and supplemented, including as amended and supplemented by the Fourth Supplemental Trust Agreement, dated as of October 1, 2020 (the “Fourth Supplemental Trust Agreement”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the “Trustee”). The Master Trust Agreement as previously amended and supplemented and as further amended and supplemented by the Fourth Supplemental Trust Agreement is referred to as the “Trust Agreement.”

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 2020A Bonds

General. The Series 2020A 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 April 1, 2008 (the “Master Sublease”), as previously amended and supplemented, including as amended and supplemented by the Fourth Amendment to Master Facilities Sublease, dated as of October 1, 2020 (the “Fourth Amendment to Master Sublease”), each 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 Master Sublease as previously amended and supplemented and as further amended and supplemented by the Fourth Amendment to Master Sublease is referred to as the “Sublease.” The City is obligated to pay all Base Rental Payments under the Master Sublease from the City’s General Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Base Rental Payments.”

The City owns certain real property and the improvements thereon (each a “Facility,” and collectively, the “Facilities”), that the City has leased to the Authority pursuant to a Master Facilities Lease, dated as of April 1, 2008 (the “Master Lease”), as previously amended, including as amended and supplemented by the Fourth Amendment to Master Facilities Lease, dated as of October 1, 2020 (the “Fourth Amendment to Master Lease”). The Master Lease, as previously amended and supplemented and further amended and supplemented by the Fourth Amendment to Master Lease is referred to as the “Lease.” The City has leased the Facilities, and will lease the Series 2020A Project, back from the Authority pursuant to the Sublease. For a description and location of the Facilities, see “THE FACILITIES.”

The Series 2020A 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 2020A Bonds. The obligation of the City to make Base Rental Payments 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.

Outstanding Parity Bonds. The Series 2020A Bonds are payable from and secured by Base Rental Payments on a parity with $5,580,000 outstanding principal amount of the Authority's Lease Revenue Refunding Bonds (Master Lease Projects), Series 2008F (the "Series 2008F Bonds"); $100,605,000 outstanding principal amount of the Authority's Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017A (the "Series 2017A Bonds); and $22,030,000 outstanding principal amount of the Authority's Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017B (Federally Taxable) (the "Series 2017B Bonds" and together with the Series 2017A Bonds, the "Series 2017 Bonds") (collectively, the Series 2008F Bonds and the Series 2017 Bonds are referred to as the "Master Lease Revenue Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS."

The Authority may issue future Additional Bonds secured on a parity with the Series 2020 Bonds and the outstanding Master Lease Revenue Bonds. The Series 2020A Bonds, the Master Lease Revenue Bonds, and any future Additional Bonds issued pursuant to the Trust Agreement, are referred to collectively as the "Bonds."

See also Table A-14A–"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."

[Bond Insurance]

[The scheduled payment of principal of and interest on the Series 2020A Bonds when due will be guaranteed under a municipal bond insurance policy for the Series 2020A Bonds (the "Policy") to be issued concurrently with the delivery of the Series 2020A Bonds by _______ (the "Bond Insurer"). See "MUNICIPAL BOND INSURANCE" and APPENDIX G–"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

Reserve Account

The Master Trust Agreement established a Reserve Account, amounts on deposit in which are available to make up any shortfalls in debt service with respect to the Bonds. Amounts in the Reserve Account are available with respect to all Bonds Outstanding under the Trust Agreement. The balance in the Reserve Account is required to be maintained in an amount at least equal to the Reserve Account Requirement, which is defined in the Trust Agreement as the lesser of: (i) 10% of the original issue price of the Bonds, (ii) 125% of the average annual Debt Service on all Outstanding Bonds, or (iii) maximum annual debt service on all Outstanding Bonds. Upon the delivery of the Series 2020A Bonds, the Reserve Account Requirement will be $_______, which is equal to [125% of the average annual Debt Service]. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Reserve Account."

[On the date of the delivery of the Series 2020A Bonds, the Authority will deposit a debt service reserve account insurance policy (the "Reserve Account Policy") in the amount of the Reserve Account Requirement into the Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Reserve Account."]

Risks to Bondowners

An investment in the Series 2020A 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 2020A Bonds. For a discussion of certain investment considerations and risk factors that should be considered by prospective purchasers of the Series 2020A 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, 2021 (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 2020A Bonds, the Series 2020A Project, the Master Trust Agreement, the Master Lease, the Fourth Amendment to Master Lease, the Master Sublease, the Fourth Amendment to Master Sublease, and the 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

Proceeds of the Series 2020A Bonds will be applied to: (i) construct and equip an animal services facility; [(ii) fund capitalized interest on the Series 2020A Bonds to and including April 1, 2021; and (ii) and pay the costs associated with the issuance of the 2020A Bonds. For a description of the Series 2020A Project, see "THE FACILITIES–Descriptions of the Facilities–*Series 2020A Project*."

The Series 2020A Project is being added as a Facility under the Lease and Sublease. See also "THE FACILITIES–Summary of Facilities; Terms Under the Sublease; Valuations."

THE SERIES 2020A BONDS

General

The Series 2020A Bonds will be issued in the principal amount of $___,___,000* as one fully registered Series 2020A Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Series 2020A Bonds. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM." The Series 2020A 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 April 1, 2021, and mature on April 1 in the years and in the principal amounts set forth on the inside cover.

Redemption Provisions

Optional Redemption. The Series 2020A Bonds maturing on and after April 1, 20__, are subject to redemption prior to their respective stated maturities at the written direction of the Authority (delivered to the Trustee no later than 45 days prior to the redemption date), 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, 20__, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2020A Bonds maturing on April 1, 20__ (the "Series 2020A 20__ Term Bonds") upon notice as provided in the Fourth Supplemental Trust Agreement, are subject to mandatory sinking fund redemption prior to maturity, in part on 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.

The Trustee is required to establish and maintain within the Principal Account a separate account for the 20__ Series 2020A Term Bonds designated as the "20__ 2020A Term Bonds Sinking Account." Subject to the terms and conditions set forth in the Fourth Supplemental Trust Agreement, the 20__ Series 2020A Term Bonds will be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates established by the Fourth Supplemental Trust Agreement for the 20__ Series 2020A Term Bonds Sinking Account, as follows:

20__ Series 2020A Term Bonds Sinking Account Payments

Mandatory Sinking Account Payment Date (April 1)	Mandatory Sinking Account Payments

* Maturity

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* Preliminary, subject to change.

The Series 2020A Bonds maturing on April 1, 20__ (the "20__ Series 2020A Term Bonds") upon notice as provided in the Fourth Supplemental Trust Agreement, are subject to mandatory sinking fund redemption prior to maturity, in part on 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.

The Trustee is required to establish and maintain within the Principal Account a separate account for the 20__ Series 2020A Term Bonds designated as the "20__ Series 2020A Term Bonds Sinking Account." Subject to the terms and conditions set forth in the Fourth Supplemental Trust Agreement, the 20__ Series 2020A Term Bonds will be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates established by the Fourth Supplemental Trust Agreement for the 20__ Series 2020A Term Bonds Sinking Account, as follows:

20__ Series 2020A Term Bonds Sinking Account Payments

Mandatory Sinking Account Payment Date (April 1)	Mandatory Sinking Account Payments

* Maturity

Extraordinary Redemption. The Series 2020A Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Fourth Supplemental Trust Agreement, as a whole, or in part by lot within each stated maturity in integral multiples of $5,000, from the prepayments made to the City pursuant to the Facilities Sublease from insurance or condemnation proceeds, at a prepayment 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 2020A Bonds are to be redeemed on any one date, the Trustee shall select the Series 2020A Bonds to be redeemed in part from maturities selected by the Authority, provided that the aggregate annual debt service on Series 2020A Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual debt service on Series 2020A Bonds Outstanding prior to such redemption date. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Insurance."

Redemption Procedures*

Selection of Series 2020A Bonds for Redemption. If less than all Outstanding Series 2020A Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2020A 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 2020A Bonds so selected for redemption. For purposes of such selection, Series 2020A Bonds shall be deemed to be composed of $5,000 multiples of principal, and any such multiple may be separately redeemed.

* Preliminary, subject to change.

Notice of Redemption. Notice of redemption of any Series 2020A Bond is required to be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, to (i) the respective Holders of the Series 2020A 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 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.

At the Written Direction of the City, the Trustee's notice of redemption with respect to an optional redemption of the Series 2020A Bonds may provide that such redemption is conditional upon receipt by the Trustee of sufficient moneys to redeem the Series 2020A 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 2020A Bonds is required to be canceled once the Trustee has given notice of rescission. Any portion of the Series 2020A 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. If notice of redemption has been duly given as provided in the Fourth Supplemental Trust Agreement and money for the payment of the redemption price of, together with interest accrued to the date fixed for redemption, the Series 2020A Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2020A 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 2020A Bonds will cease to accrue, and the Holders of such Series 2020A Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Purchase in Lieu of Redemption. At any time prior to giving notice of redemption of Series 2020A Term Bonds, the Trustee is required to apply moneys in the Sinking Account to the purchase of Series 2020A Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the City, except that the purchase price (excluding accrued interest) may not exceed the redemption price that would be payable for Series 2020A Term Bonds upon redemption by application of such Mandatory Sinking Account Payment.

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 Bonds are as follows:

TABLE 1
DEBT SERVICE SCHEDULE

Date	Series 2020A Bonds Principal	Series 2020A Bonds Interest	Series 2020A Bonds Total	Outstanding Master Lease Revenue Bonds Debt Service†	Total Fiscal Year Master Lease Bonds Debt Service
TOTAL	$___,___,000*				

† Comprised of debt service on the Master Lease Revenue Bonds, consisting of the Series 2008F Bonds and the Series 2017 Bonds.
* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds received from the sale of the Series 2020A Bonds are set forth below:

TABLE 2
ESTIMATED SOURCES AND USES OF FUNDS

SOURCES:	
Principal of Series 2020A Bonds	$__________.__*
Plus/Less Net Original Issue Premium/Discount	__________.__
TOTAL ESTIMATED SOURCES	$__________.__
USES:	
Deposit to Series 2020A Acquisition and Construction Account(1)	$__________.__
Deposit to Series 2020A Capitalized Interest Subaccount(2)	__________.__
Underwriter's Discount	__________.__
Costs of Issuance(3)	__________.__
TOTAL ESTIMATED USES	$__________.__

* Preliminary, subject to change.
(1) See "PLAN OF FINANCE."
[(2) Represents capitalized interest on the Series 2020 Bonds to and including April 1, 2021.
(3)] Includes fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, and the Municipal Advisor, [bond insurance and reserve policy premiums] rating agency fees, printing costs and all other miscellaneous costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A 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, including the Series 2020A Bonds, issued under the Trust Agreement. The Trust Agreement, the Lease and the Sublease comprise the legal documentation for the City's Master Lease Program, which, since its establishment in 2008, has been the City's primary, although not exclusive, financing vehicle for General Fund capital borrowings.

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 2020A 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 Bonds. The obligation of the City to make Base Rental Payments 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 on an annual basis and are due on April 1 and October 1 of each year. Each Base Rental Payment installment is payable 10 days in advance of its due date.

The City is obligated to pay all Base Rental Payments under the Sublease for beneficial use and occupancy of the 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.

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 2020A 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–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–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 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 Facilities (determined by reference to the proportion which the acquisition, design and construction cost of such part of the Facilities bears to the acquisition, design and construction cost of all of the 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–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–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 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 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 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 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 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 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 Woodward Park Facility (see "THE FACILITIES–Descriptions of the Facilities–*Woodward Park*") consists of park land without significant physical structures and rental interruption insurance is ***not*** maintained for this Facility.

No Earthquake Insurance. The Sublease does not require the City to maintain earthquake insurance with respect to the 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 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.

Reserve Account

General. The Reserve Account is established by the Trust Agreement and is required to be maintained in the amount as calculated by the Authority on any date as the lesser of: (i) 10% of the original issue price of the Bonds, (ii) 125% of the average annual Debt Service on all Outstanding Bonds, or (iii) maximum annual Debt Service on all Outstanding Bonds (collectively, the "Reserve Account Requirement"). The Reserve Account Requirement on the date of delivery of the Series 2020A Bonds will be $________, [which is equal to 125% of the average annual Debt Service]. [On the date of the delivery of the Series 2020A Bonds, the Bond Insurer will issue a Reserve Account Policy in the amount of the Reserve Account Requirement for deposit into the Reserve Account.]

After making the required transfers to the Interest Account and the Principal Account, amounts in the Revenue Fund will be deposited in the Reserve Account to the extent that the amount therein is less than the Reserve Account Requirement, provided that if there has been a draw upon any Reserve Facility used to provide all or a portion of the Reserve Account Requirement, amounts remaining in the Revenue Fund after making the required transfers to the Interest Account and the Principal Account will be applied to reimburse the Reserve Facility Provider.

Moneys available in the Reserve Account will be used and withdrawn by the Trustee for the purpose of replenishing the Interest Account or the Principal Account established under the Trust Agreement, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Bonds or for the retirement of all the Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any amounts in the Reserve Account in excess of Reserve Account Requirement shall be withdrawn from the Reserve Account and deposited in the Revenue Fund on each April 1 and October 1. See also APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Creation of Funds and Accounts–Reserve Account."

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 Outstanding Bonds theretofore issued under the Trust Agreement (including the Series 2020A Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2008A Bonds, the Series 2008C Bonds, and the Series 2008F Bonds), and subject to certain conditions precedent, including the requirement of adding additional Facilities, as necessary. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Additional Bonds."

The Authority will not, so long as any of the Series 2020A 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 which are junior and subordinate to the payment of the principal, premium and interest on the Bonds.

Addition, Substitution, Release of Facilities

The discussion below summarizes provisions of the Sublease relating to the addition, substitution or release of Facilities. The Sublease provides that certain Facilities will be released from the Sublease prior to the final maturity of the Series 2020A Bonds under the provisions summarized below. See "THE 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 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 Facilities, including the legal description of the 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 Facilities that will constitute the 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 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 Facilities;

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

General. 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 Facilities. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–SUBLEASE."

Limited Remedies for Restricted Properties. Notwithstanding anything to the contrary in the Sublease, neither the Authority, the Trustee, nor the Owners of Bonds are permitted to use, maintain, operate, occupy, lease, hypothecate, encumber or sell any Facilities which are Restricted Properties. See "CERTAIN BONDOWNERS' RISKS–Limited Recourse on Default." Woodward Park and the Multi-Purpose Stadium are "Restricted Properties" under the Sublease. See "THE FACILITIES."

[BOND INSURANCE]

[The following information is not complete and reference is made to APPENDIX G for a specimen of the bond insurance policy of____________________ to be issued with respect to each Series of the 2020A Bonds. No representation is made by the Authority, the City or the Underwriter as to the accuracy or completeness of this information.]

THE FACILITIES

General

The City has leased or, in connection with the issuance of the Series 2020A Bonds will lease, each of the Facilities described below to the Authority pursuant to the Lease, and the Authority has leased or will lease the Facilities back to the City pursuant to the Sublease. The City has covenanted in the Sublease that it will use, or cause the Facilities to be used for public purposes and for the purposes for which the Facilities are customarily used.

The Facilities consist of (i) Multi-Purpose Stadium; (ii) City Hall; (iii) a portion of Woodward Park; (iv) two parking garages located in the downtown area of the City; (v) a portion of the City Municipal Services Center, excluding those buildings and facilities used by Fresno Area Express ("FAX"); (vi) Selland Arena; (vii) Regional Training Center; (viii) Fresno Memorial Auditorium; (ix) Ernest E. Valdez Hall; (x) a fire station located in the City; and (xi) the Series 2020A Project. Each Facility includes site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant and related facilities located thereon. The summary of the Facilities is presented below. Certain Facilities will be released from the Sublease prior to the final maturity date of the Bonds (including the Series 2020A Bonds), subject to the conditions precedent in the Sublease, including the sufficiency of Base Rental Payments to pay debt service payments on all Outstanding Bonds.

The facilities described below constitute all of the Facilities, the Base Rental Payments by the City for which secure repayment of the Bonds. The Base Rental Payment to be made by the City under the Sublease comprises the rental for all Facilities without distinction or priority for any Facility and the City may not make any Base Rental Payment in part.

Under the Sublease the City may substitute real property as part of the 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 and, as described in the preceding paragraph, certain Facilities will be released 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."

Set forth below is a table summarizing the Facilities and the valuations thereof followed by a narrative description of each Facility.

(Remainder of this Page Intentionally Left Blank)

Summary of the Facilities; Terms Under the Sublease; Valuations

Table 3 sets forth certain details of the Facilities, including, among other things, terms under the Sublease and valuations. For a summary description of each Facility, see "–Descriptions of the Facilities."

TABLE 3
SUMMARY OF THE FACILITIES

Facility	Address	Original Completion Date	Approx. Acreage of Site	Approx. Building Square Footage	Term Under the Sublease[1]	Estimated Value[2]
Multi-Purpose Stadium (Chukchansi Park)[4]	1800 Tulare Street	2002	10.8	N/A	4/1/2031	$46,200,000[3]
City Hall	2600 Fresno Street	1991	6.4	201,000	4/1/2039	43,000,000[3]
Animal Services Center (the Series 2020A Project)	5277 East Airways Boulevard	(5)	5.1	_____	________	_,___,000[5]*
Woodward Park (Southern Portion)[4]	7775 North Friant Road	1968	127.8	N/A	4/1/2024	36,400,000[3]
Parking Garage No. 8	1077 Van Ness Avenue	1980's	2.8	364,002	4/1/2024	14,000,000[3]
Municipal Services Center	Street	1950's–1970's	27.0	126,859	4/1/2024	13,300,000[3]
Selland Arena	700 M Street	1966	3.0	27,000	4/1/2024	11,800,000[3]
Regional Training Center	6375 West Central Avenue	2010	76.2	24,256	4/1/2039	9,850,000[3]
Fresno Memorial Auditorium	2425 Fresno Street	1937	2.9	72,522	4/1/2024	5,770,000[3]
Ernest E. Valdez Hall	700 M Street	1965	2.1	65,848	4/1/2039	4,920,000[6]
Fire Station No. 16	2510 North Polk	2009	0.9	9,698	4/1/2039	3,800,000[7]
Parking Garage No. 4	1919 Tulare Street	1980's	0.8	99,774	4/1/2024	3,750,000[3]
TOTAL						$192,790,000

(1) The Sublease provides that such Facility will be released under the Lease and the Sublease on the date indicated.
(2) See also "*–Estimated Values of the Facilities*."
(3) The estimated value of this Facility is based upon a third-party valuation obtained in January 2017.
(4) This Facility is a "Restricted Property" under the Sublease.
(5) This Facility is under construction. The estimated value of this Facility is equal to the estimated principal amount of the Series 2020A Bonds, the proceeds of which are being applied to finance the construction of this Facility. See "–Descriptions of the Facilities–*Series 2020A Project*."
(6) The estimated value of this Facility is based upon a third-party valuation obtained in December 2013.
(7) The estimated value is equal to the original 2009 construction cost of this Facility.
* Preliminary, subject to change.
Source: City of Fresno.

Debt service payments on the Bonds outstanding under the Master Trust Agreement are set forth in the table under the caption "DEBT SERVICE REQUIREMENTS." Each Base Rental Payment installment is payable 10 days in advance of the related debt service payment date on the Bonds.

Descriptions of the Facilities

Since mid-March 2020, the United States, the State, and the City have been impacted by the global COVID-19 pandemic. In compliance with emergency orders issued by the Mayor of the City currently in effect, certain City-owned facilities, including the Stadium (Chuckchansi Park), Selland Arena, the Fresno Memorial Auditorium, and the Ernest E. Valdez Hall (each of which is a "Facility" subject to the Sublease) are not hosting events until further notice. The City continues to have beneficial use and occupancy of these Facilities and continues to make Base Rental Payments with respect to each Facility pursuant to the Sublease. See "CERTAIN BONDOWNERS' RISKS–Potential Impacts of COVID-19 and Other Health Related Risks."

Multi-Purpose Stadium (Chukchansi Park). This Facility, also known as Chukchansi Park, consists of a multi-purpose facility located on a 10.8-acre site located at 1800 Tulare Street in the downtown area of the City, near the Fulton Mall. This Facility, which was constructed in 2002, has a seating capacity of 12,500 and also features 33 luxury suites, a pool and spa, and a restaurant which seats up to 1,000. This Facility hosts the Fresno Grizzlies minor league baseball team (the Triple-A affiliate of the Houston Astros) and the Fresno Fuego PDL minor league soccer team. This Facility is also used for events such as local high school graduations, community events, weddings, and concerts. Fresno Baseball Club, LLC leases this entire Facility under a lease terminating on December 31, 2036 pursuant to which it is responsible for maintenance of the Facility and pays scheduled rent and profit sharing rents from events.

The Multi-Purpose Stadium is a "Restricted Property" and as such, only limited remedies are available with respect thereto in the event of default by the City under the Sublease. See "CERTAIN BONDOWNERS' RISKS–Limited Recourse on Default."

City Hall. This Facility consists a five-story, approximately 201,000 square foot building, constructed of steel and concrete located on a 6.37-acre site at 2600 Fresno Street. This Facility, which was built in 1991, includes a chamber for the City Council and other public meetings, offices and meeting rooms for various City departments, and space for control services, storage and employee conveniences. Metered parking spaces are also located on the site.

Woodward Park. Woodward Park is an approximately 300-acre regional park and bird sanctuary located at 7775 Friant Road on the southern bank of the San Joaquin River. The portion of Woodward Park subject to the Lease and the Sublease comprises 112 acres of the Park, which acreage does not include any substantial structures or improvements although there are picnic shelters on the leased site, valued at approximately $100,000 each. The Rotary Amphitheater and its 1.64-acre site are excluded from the leased site and this Facility. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A BONDS–Insurance."

Woodward Park is a "Restricted Property" and as such, only limited remedies are available with respect thereto in the event of default by the City under the Sublease. See "CERTAIN BONDOWNERS' RISKS–Limited Recourse on Default."

Downtown Parking Garages

Parking Garage No. 4. This Facility was constructed in the 1980's and consists of a 313-space, 99,774 square foot, three-story concrete public parking garage on a 0.8-acre site located at 1919 Tulare Street, approximately five blocks from City Hall and adjacent to Chukchansi Park stadium.

Parking Garage No. 8. This Facility was constructed in the 1980's and consists of a 968-space, 373,800 square foot, three-level, underground, concrete public parking garage and a 1.8-acre site located at 1077 Van Ness Avenue, approximately four blocks west of City Hall and at the intersections of Tulare and Van Ness Streets.

Municipal Services Center. The Municipal Services Center is located on an approximately 39.8 acre site at 1325 El Dorado Street, eight blocks north of City Hall.

The portion of the Municipal Services Center subject to the Lease and the Sublease (the "MSC"), comprises 16 separate structures, representing an aggregate of approximately 126,859 square feet, and 10 canopy structures, representing approximately 86,340 square feet, on approximately 27 acres that are almost completely paved and surrounded with fencing and some perimeter landscaping. The buildings are used for administrative, maintenance and storage purposes and most have central air conditioning, heating and fire suppression systems, and the canopy structures serve as electrified vehicle ports for various City vehicles.

The oldest of the buildings, a facilities warehouse, was originally constructed in the 1950's and expanded in the 1960's; and the majority of the buildings (representing approximately 179,568 aggregate square feet) were constructed during the mid-1970's. The buildings range in size from approximately 523 to 41,250 square feet. A general description of these buildings comprising the MSC is set forth below:

Administrative Buildings. There are eight administrative buildings, comprising an aggregate of approximately 28,098 square feet within the MSC that are used as office space. All of the buildings, with the exception of one, are one-story and constructed of poured-in-place concrete. That one building is constructed of metal and serves as an office for the City's Solid Waste Administration. The two-story structure, consisting of approximately 9,532 square feet, is the main administrative building on the site and contains City Water Division staff as well as consultants for the Water Division. A second building consisting of approximately 2,006 square feet is a specialized office building with electric equipment to manage the traffic control operations of the City.

Maintenance Buildings. The eight maintenance buildings, comprising an aggregate of approximately 98,761 square feet, are used for vehicle maintenance for garbage trucks, street sweepers, police cars and other City-owned vehicles, and also includes a gas station, the underground tanks of which were replaced in 1994, shop space and employee shower and locker facilities. In addition, the gas station and underground fuel tanks were upgraded in 2004 to comply with State environmental requirements. Additionally, the City has installed a liquefied natural gas facility at the site. Many of the buildings are constructed of poured-in-place concrete or concrete block and some are constructed of metal.

The largest of these buildings, comprising approximately 41,251 square feet, is used for fleet maintenance of the City-owned vehicles. This building includes a clear height of approximately 24 to 26 feet, 26 roll-up doors, and drive-through bays. This building also includes approximately 3,196 square feet of mezzanine office space.

Canopy Structures. The 10 canopy structures cover an aggregate area of 86,340 square feet and are concrete post, steel frame and truss structures that are completely fire sprinklered and electrified and range in size from approximately 2,580 square feet to approximately 15,360 square feet. In 2004, the City installed 4,500 solar panels on the structures. These solar panels generate enough power to provide approximately 50% of the annual electric consumption of the MSC.

Selland Arena. Selland Arena is an approximately 134,305 square foot enclosed arena originally constructed in 1966 with a seating capacity of 6,500. It was expanded in 1981 to its current maximum seating capacity of 10,200 and was remodeled in 2006. Selland Arena is located on an approximately three-acre site at 700 M Street. Selland Arena features a programmable scoreboard, two television platforms, press facilities, nine dressing rooms with showers, a sound system, and can be equipped for ice skating events.

Regional Training Center. This Facility contains three buildings aggregating 24,256 square feet built in 2010, including a 20,500 square-foot main building all on a 76-acre site located at 5375 W. Central Avenue. This Facility is used for police training and includes a seven station firearms range. Approximately 40-acres of the site consist of various paved areas and mock streets for driver training. The main building includes offices, classrooms and a training room.

Fresno Memorial Auditorium. The Fresno Memorial Auditorium (the "Auditorium") was constructed in 1937 and is located on an approximately 2.9 acre site at 2425 Fresno Street, two blocks northwest of City Hall. The Auditorium is an approximately 72,522 square foot, four-story, steel frame and concrete exterior structure, with a seating capacity of 503, and has been listed in the National Register of Historic Places since 1994. The main level houses the auditorium (including an orchestra pit and stage), the Legion of Valor Museum, restrooms and office facilities. Dressing and storage rooms are located on the lower level of the Auditorium.

The Auditorium is subject to various unrecorded agreements that affect access, availability, and use. All of these unrecorded agreements have been subordinated to the encumbrances of the Lease and the Sublease.

Ernest E. Valdez Hall. This Facility consists of an approximately 65,848 square foot, two-story, reinforced concrete and reinforced masonry building. It is located on an approximately 2.1 acre site at 700 M Street and was originally constructed in 1965. This Facility has a theater seating capacity of 3,286and includes an approximately 600 square foot stage, an approximately 39,580 square foot exhibition hall, 20 room meeting space located on the second floor, commercial kitchen, an approximately 25,746 square foot basement, a loading dock and restrooms.

Fire Station No. 16. This Facility was constructed in 2009 and is comprised of a single-story, concrete block building or wood frame and stucco building, containing an apparatus bay for fire engine and equipment storage and living quarters and office area.

Series 2020A Project. The Series 2020A Project will be located on approximately 5.1 acres of an approximately 85.4 acre site located at 5277 East Airways Boulevard in the northeast section of the City. The Series 2020A Project will consist of five separate steel, single-story buildings ranging in size from 6,650 square feet to 34,897 square feet comprising an aggregate of approximately 35,000 square feet equipped with approximately 792 solar panels. The Series 2020A Project will include an approximately 80 space parking lot, approximately 200 dog kennels, seven community feline rooms, an approximately 3,545 square foot veterinary and medical center; reception areas, administrative offices, work stations, grooming areas, play yards and green space; secure parking for approximately 20 fleet vehicles for animal transport, electrical vehicle parking; and security facilities. When completed, the Series 202A Project is anticipated to be able to accommodate 10,000-15,000 animals per year.

When complete, the Series 2020A Project will also include features that meet or exceed the greenhouse gas (GHG) reduction goals established in the Greenhouse Gas Reduction Plan adopted by the City Council in December 2014 as updated in March 2020. For information regarding the GHG goals of the City, see "CERTAIN RISKS TO BONDOWNERS–Climate Change." The features of the Series 2020A Project will assist the City in reducing on-going operation and maintenance costs and include, but are not limited to: the use of energy-efficient equipment (Energy Star appliances); installation of solar panels designed to provide 100% of the electricity load coverage; LED lighting within the buildings, exterior walkways, and parking lot; the use of high performing energy efficiency windows; installation of low flow plumbing and high efficiency light fixtures; installation of two electronic vehicle charging stations and the infrastructure for four additional electric-vehicle charging stations in the future; and the installation of irrigation systems fitted with rain sensors.

Funding Sources. The total estimated costs for the Series 2020A Project is approximately $20 million. All of the costs of the Series 2020A Project are expected to be funded with proceeds of the 2020A Bonds.

Environmental and Other Approvals. All projects undertaken by the City, including the Series 2020A Project, are generally subject to the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code) ("CEQA"). Under CEQA, a public agency is required, following preparation of an initial assessment, to determine if an environmental impact report, a negative declaration, or a mitigated negative declaration is required for a project.

On December 18, 2014, the City adopted a General Plan and certified the associated Master Environmental Impact Report (the "MEIR") on December 18, 2014 The MEIR analyzed the impacts of anticipated development under the General Plan and assumed full development and buildout of the project site, consistent with the uses and development standards proposed by the Series 2020A Project. On February 13, 2020, based upon the evidence and testimony presented to it at the public hearing, the City Council adopted a Finding of Consistency for the development of the Series 2020A Project consistent with the General Plan and the MEIR.

Construction Schedule. The Series 2020A Project will be constructed pursuant to a progressive design-build approach with Quiring General, LLC (the "Contractor") together with an architecture and an engineering firm that was approved on January 16, 2020. The notice to proceed with design and construction was awarded in mid-January 2020 and construction is expected to commence in fall 2020. The Series 2020A Project is expected to be completed in fall 2021 and open for operations in winter 2021. See also "CERTAIN BONDOWNERS' RISKS–Construction and Completion Risks of the Series 2020A Project."

Estimated Values of Facilities

No Recent Appraisals of the Facilities. Neither the City nor the Underwriter commissioned appraisals of the Facilities in connection with the issuance of the Series 2020A Bonds. The values of the various Facilities set forth in Table 3–"Summary of the Facilities" are only the City's respective estimates thereof. In certain cases, as indicated in Table 3, the City used valuations performed by third parties, but such value determinations were as of the dates indicated. In addition, such valuations were provided to the City solely for its internal use. The City believes that the respective values remain reasonable estimates thereof, but there can be no assurance that an independent appraiser conducting a current appraisal would not assign valuations lower than those set forth above.

COVID-19 Impact. Many of the Facilities are public gathering spaces. Due to the COVID-19 pandemic, in recent months occupancy of these Facilities has been substantially reduced. The City is unable to predict when occupancy will return to pre-pandemic levels. Ongoing lower use of the affected Facilities could substantially reduce the market value thereof. The Base Rental Payments made by the City under the Sublease, which provide for payment of debt service on the Bonds, are required to be made as long as the City has beneficial use and occupancy of the Facilities, which beneficial use and occupancy has continued during the pandemic. In addition, the City has covenanted to include Base Rental Payments in its annual budgets and to make necessary annual appropriations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A 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 the property located at or near the center of such seismic activity. Each of the Facilities was designed to the seismic standards existing at the later of the time of original construction or renovation. The Sublease does not require the City to obtain earthquake insurance with respect to the Facilities. See also "CERTAIN BONDOWNERS' RISKS–Abatement" and "–Earthquake Risk and Other Disasters."

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 2020A Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2020A 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 2020A 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 marketability of the Series 2020A Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Potential Impacts of COVID-19 and Other Health-Related Risks

In recent years, public health authorities have warned of threats posed by outbreaks of various diseases. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including to the City. There have been confirmed cases of COVID-19 in the City and confirmed cases of COVID-19 are increasing throughout the State. Health officials are expecting the number of confirmed cases locally and nationally to continue to grow.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, efforts to quarantine individuals in order to reduce the spread of the virus. The WHO declared the COVID-19 outbreak to be a pandemic, and the United States, the State, the County, and the City have each declared a "state of emergency" or equivalent to coordinate and formalize emergency actions and across federal, State, and local governmental agencies, and to proactively prepare for a wider spread of the virus.

These "shelter in place" orders, severely restrict the movements of residents and generally mandate that residents remain in their homes. These orders prohibit non-essential workers from working outside their homes and have disrupted daily life in all jurisdictions. The result has been temporary closures of, among others, schools, universities, bars, dine-in restaurants, retail stores, schools, gyms, movie theatres, certain government buildings, and religious institutions, and generally outlawing gatherings. Restrictions on movement may be expanded as the crisis continues. To comply with the "stay at home" orders, the City has implemented a telecommuting plan to reduce the number of City employees in office workplaces. The COVID-19 pandemic and the resulting restrictions have also resulted in restrictions of certain non-US citizens and permanent residents from entering the country, volatility in the global and national stock markets, with significant losses, closures of businesses, worker layoffs, and a surge in unemployment claims.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown and there can be no assurance that the outbreak of COVID-19 will not have a material negative impact on the General Fund of the City. For a discussion of the effects of COVID-19 on City finances and operations, see APPENDIX A–"FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF FRESNO–Impact of COVID-19."

The spread of COVID-19 is altering the behavior of businesses and the public in a manner that is having negative effects on global and local economies. There can be no assurances that the spread of COVID-19 will not have a longer-term material adverse impact on the economy and the financial condition of the City. Potential impacts to the City associated with COVID-19 transmission include, but are not limited to, reductions in commercial activities, with corresponding decreases in major revenues such as sales tax and increases in expenditures to clean, sanitize, and maintain City facilities as a result of public health risks. The degree to which any such impact to the operations and finances of the City is extremely difficult to predict due to the evolving nature of COVID-19 transmission, including uncertainties relating to (i) the duration of the outbreak, (ii) the severity of the outbreak, and (iii) the ultimate geographic spread of the outbreak, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact.

Limited Obligation

The Series 2020A 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 2020A 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 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 2020A Bonds nor the obligation of the City to make Base Rental Payments 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 2020A 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 67% of City General Fund revenues consist 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.

On June 29, 2020, the Governor signed the Fiscal Year 2020-21 Budget Act (the "Fiscal Year 2020-21 State Budget") that closed a $54.3 billion shortfall caused by the COVID-19 recession. The Fiscal Year 2020-21 State Budget cancels initiatives proposed in the Governor's original January 2020 budget, cancels and reduces spending, draws down reserves, increases revenues by temporarily suspending the use of net operating losses and temporarily limiting the amount of business incentive credits a taxpayer can use in any given tax year, includes special fund borrowing and transfers and deferrals for kindergarten through grade 14, assumes increased government efficiencies. The Fiscal Year 2020-21 State Budget provides that certain significant cuts will only be triggered if the federal government does not pass an aid package that helps states and local governments.

The COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment – almost 1 in 5 Californians who were employed in February 2020 were out of work in May 2020 – and further action from the federal government is needed given the magnitude of the crisis. The Governor continues efforts to secure $1 trillion in flexible federal aid to state and local governments across the country.

The City is reviewing the Fiscal Year 2020-21 State Budget and has not yet determined what impacts the Fiscal Year 2020-21 State Budget will have on the finances and operations of the City. Further, as provided in the Fiscal Year 2020-21 State Budget, 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–Impact of COVID-19."

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 is in consideration for the beneficial use and possession of the Facilities.

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 an economic recession and increasing salaries, including associated benefits and pension costs, as the two most significant factors that could adversely affect the City's financial condition. Efforts to respond to and mitigate the spread of COVID-19 have had a severe impact on the State and local economy and has triggered a recession. While the City cannot predict the timing or extent of such recession, the effect of the recession can be expected to include decreases in major revenue sources such as sales tax, room tax on lodging, and property tax caused by weakened consumer demand and higher unemployment. Such reductions to the City's major revenue sources would 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 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 State or the federal government to address future economic downturns and budgetary deficits. Accordingly, the City cannot predict the final outcome of future State or federal 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, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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 or the City's compensation rates exceed actuarial projections.

[Bond Insurance on the Series 2020A Bonds]

[***Payments under the Policy.*** If the Authority fails to pay the principal of and/or interest on the Series 2020A Bonds when due and payable, the Trustee, on behalf of the registered owners of such Series 2020A Bonds, will have a claim on the 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 Policy does not insure the payment of any redemption premium payable upon the prepayment of the Series 2020A Bonds.

Under no circumstances can the maturities of the Series 2020A 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 2020A Bonds.

In the event that the Bond Insurer is unable to make payments of principal of and interest on the Bonds as such payments become due, the Series 2020A 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 2020A 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 2020A 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 Facilities and is not empowered to sell such Facilities. In addition, in the event the City adds Restricted Properties (as defined in the Sublease) to the Facilities, the remedies with respect to such properties would not include re-entering and re-letting. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–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, State or federal, 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 Facilities.

Upon a default, the Trustee may elect to proceed against the City to recover damages pursuant to such 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 Facilities as designed expressly for municipal service purposes, amounts obtained from re-letting such Facilities could be substantially limited.

Limited Remedies for Restricted Properties. Woodward Park and the Multi-Purpose Stadium will be Restricted Properties, and Facilities added to the Sublease in the future could be Restricted Properties. Notwithstanding anything to the contrary in the Facilities Sublease, neither the Authority, the Trustee, nor the Owners of Bonds are permitted to use, maintain, operate, occupy, lease, hypothecate, encumber or sell any Facilities which are Restricted Properties. In the event of a default by the City under the Sublease, available remedies with respect to Restricted Properties will be limited to collection of each installment of Base Rental Payments as such shall become due and such other remedies under the Facilities Sublease which are not inconsistent with the limitations of the preceding sentence. APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITIES SUBLEASE–Limited Remedies for Restricted Properties."

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 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 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 Facilities so damaged or destroyed.

If a Facility or less than the whole of a 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 2020A 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 Facilities is substantially higher or lower than its value at the time of the execution and delivery of the Series 2020A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2020A Bonds.

Earthquake Risk 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 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 Facilities.

Any natural disaster or other physical calamity, including earthquake, may have the effect of damaging the Facilities 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 Facilities be obtained. See "THE FACILITIES–Seismicity" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A 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 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 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 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 though 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.

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 and reduce greenhouse gases ("GHG") to 1990 levels by 2020 and 80% below 1990 levels by 2050. The State Attorney General's Office, in accordance with the terms of Senate Bill No. 375, now requires that local governments examine local policies and large-scale planning efforts to determine how to reduce GHG emissions. Additionally, in 2006, 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 ("Senate Bill No. 100"), 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. In December 2014 the City Council adopted a Greenhouse Gas Reduction Plan (the "2014 Plan") as a part of its General Plan and Master Environmental Impact Report (the "MEIR"). The 2014 Plan was considered a "Qualified Plan," under CEQA guidelines for the development of GHG reduction plans. The 2014 Plan established a target of reducing per capita GHG emission by 21.7% below business-as-usual (BAU) levels by 2020. It also included GHG reduction measures designed to achieve the reduction target; suggested a monitoring program designed to monitor progress by annually documenting the 19 key indicators and Citywide vehicle miles traveled ("VMT") every three years; discussed "interim" targets for years 2035 and 2050, pursuant to Executive Order S-03-053 and the Fresno Green Sustainability Strategy that contained a commitment to meet the Assembly Bill No 32 goals.

In March 2020, the 2014 Plan was updated (the "2020 Plan") to re-evaluate the City's existing GHG reduction targets and strategies, provide new goals and supporting measures to reflect and ensure compliance with changes in local and State policies, and encourage economic growth to keep the City economically competitive while achieving GHG reductions and maintaining the "Qualified Plan" status under CEQA. This plan is scheduled for adoption as part of the City's Final Program Environmental Impact Report for the General Plan on [September 17], 2020.

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 Security Section within its Information Services Department, and after hiring appropriately skilled staff, the Security Section has adopted security awareness training, incident response reporting protocols, business community planning, technical controls, and security policies, which are reviewed annually, 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.

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 the 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 comply with its reporting obligations under the Continuing Disclosure Certificate.

Risk of Declines in Assessed Valuation

Property tax levied against the assessed value of property within the City represented approximately 40.2% of General Fund revenues in Fiscal Year 2019-20. Possible causes for a reduction in assessed values include temporary reductions under Proposition 8, 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 would have a material effect on Revenues available to make Base Rental Payments on the 2020A Bonds.

Construction and Completion Risks of the Series 2020A Project

Certain State administrative and regulatory approvals, typical to City projects that are required to be obtained in order to complete construction and to facilitate the occupancy of the Series 2020A Project when completed, have yet to be obtained. During the construction period, the Series 2020A Project is subject to the ordinary construction risks and possible delays applicable to similar projects. Such risks include, but are not limited to: (i) increased materials costs, labor costs or failure of contractors to perform within contract price; (ii) inclement weather affecting contractor performance and timeliness of completion; (iii) natural disasters, operating risks or hazards or other unexpected conditions or events; (iv) contractor claims or nonperformance; (v) work stoppages or slowdowns; (vi) failure of contractors to meet schedule terms; and (vii) the discovery of hazardous materials on the related site or other compliance issues with applicable environmental standards. See "THE FACILITIES–Descriptions of the Facilities–*Series 2020A Project*–Construction Schedule."

Interest on the portion of the 2020A Bonds issued to finance the Series 2020A Project will be capitalized to and including April 1, 2021, which is ___ months beyond the expected [completion / occupancy] date for the Series 2020A Project. There can be no assurance that completion of the construction of the Series 2020A Project will not be delayed, preventing the City from delivering possession of the Series 2020A Project for use and occupancy by the date to which interest will be capitalized. If the Series 2020A Project is not delivered by the date to which capitalized interest is provided, Base Rental Payments applicable to the Series 2020A Project will be abated until possession is delivered. See "CERTAIN BONDOWNERS' RISKS–Abatement."

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 Facilities, the City knows of no existing hazardous substances which require remedial action on or near the 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 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 2020A Bonds when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds and Owners could experience partial or total loss of their investment in the Series 2020A 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 2020A Bonds.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the Series 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2020A 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. Should such an event of taxability occur, the Series 2020A Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Trust Agreement.

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the "IRS"), the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations (which would include securities such as the Series 2020A Bonds) is expected to increase significantly under the TE/GE Division. There is no assurance that if an IRS examination of the Series 2020A Bonds was undertaken that it would not adversely affect the market value of the Series 2020A Bonds. See "TAX MATTERS."

Neither the Authority nor the City is currently the subject of any ongoing audit nor has either been notified by the IRS regarding the possibility of any such audit.

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 2020A Bonds.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Series 2020A Bonds, and no representation is made concerning the existence of any secondary market for the Series 2020A Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2020A Bonds, and no assurance can be given that the initial offering prices for the Series 2020A 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, 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 for the City for the last four Fiscal Years and estimated for Fiscal Year 2019-20 are set forth below.

Fiscal Year	Article XIII A Limit	Budget Amount
2016-17	$547,073,195	$33,072,052
2017-18	573,556,784	26,483,589
2018-19	601,979,436	28,422,652
2019-20	631,782,295	29,802,858
2020-21†	660,656,091	28,873,797

† 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 XIIIC 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 XIIID. 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, 2019, included in APPENDIX A of this Official Statement have been audited by Brown Armstrong (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 Fourth Supplemental Trust Agreement, the Series 2020A Bonds, the Fourth Amendment to Master Lease, or the Fourth Amendment to Master Facilities Sublease or in any way contesting or affecting the validity of the Series 2020A 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 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2020A Bonds is less than the amount to be paid at maturity of such Series 2020A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2020A 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 2020A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2020A Bonds is the first price at which a substantial amount of such maturity of the Series 2020A 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 2020A Bonds accrues daily over the term to maturity of such Series 2020A 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 2020A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2020A Bonds. Beneficial Owners of the Series 2020A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2020A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2020A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2020A Bonds is sold to the public.

Series 2020A 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 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 2020A 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 2020A 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 2020A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2020A 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 2020A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020A 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 2020A Bonds is excluded from gross income for federal income tax purposes and that interest on the Series 2020A Bonds 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 2020A 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 2020A 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 affect the market price for, or marketability of, the Series 2020A Bonds. Prospective purchasers of the Series 2020A 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 2020A 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 2020A Bonds ends with the issuance of the Series 2020A 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 2020A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the 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 2020A 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 2020A Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

CERTAIN LEGAL MATTERS

The validity of the Series 2020A 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 Schiff Hardin LLP, San Francisco, California, as Disclosure Counsel. Hawkins Delafield & Wood LLP, Los Angeles, 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 2020A Bonds.

RATING[S]

S&P Global Ratings ("S&P") [is expected to assign municipal bond rating of "__" to the Series 2020A Bonds with the understanding that upon delivery 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 2020A Bonds. Such rating was 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 2020A 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 2020A Bonds.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement with respect to the Series 2020A Bonds, dated __________, 2020 (the "Purchase Agreement"), by and among the Authority, the City and J.P. Morgan Securities LLC (the "Underwriter"), the Underwriter will purchase all of the Series 2020A 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 2020A Bonds at a price of $_________ (which represents the aggregate principal amount of the Series 2020A Bonds plus an aggregate net original issue premium in the amount of $_________ and 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 2020A 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.

J.P. Morgan Securities LLC ("JPMS"), the Underwriter of the Series 2020A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2020A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2020A Bonds that such firm sells.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, Oakland, California, has served as Municipal Advisor to the Authority and the City with respect to the issuance and sale of the Series 2020A 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 2020A 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 2020A 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, 2021 (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 has not failed in any material respect to comply with any previous undertakings in accordance with Rule 15c2-12 to provide annual disclosure reports or notices of specified events.

In winter 2017 and August 2020, the City had the EMMA filings made by or on behalf of the City and its related entities since 2011 and 2014, respectively, pursuant to continuing disclosure undertakings reviewed. During the course of those reviews, it was noted to the City that certain of its previously filed Annual Reports had minor omissions and that certain required notices of ratings changes had not been made. All of such minor omissions and failures were inadvertent and were corrected by the City by filing corrected Annual Reports and Notices of Rating Change, as applicable, on EMMA. In addition, the City failed to timely file on EMMA notices of failure to file in connection with these omissions. Below is a summary of the omissions, the dates the events occurred and the event notices were filed, and the dates the failure to file notices were filed.

Bond Issue	**Event**	**Date of Occurrence**	**Date Event Notice Filed**	**Date Failure to File Notice Filed**
Fresno Joint Powers Financial Authority Tax Allocation Bonds, Series 2001	Rating Upgrade	November 9, 2015	February 3, 2017	February 6, 2017
City of Fresno Airport Revenue Bonds, Series 2007 *and* City of Fresno Airport Revenue Refunding Bonds, Series 2013A/B	Rating Upgrade	October 12, 2017	November 30, 2017	August 18, 2020
City of Fresno Community Facilities District No. 4 Special Tax Bonds, Series 1999 *and* City of Fresno Community Facilities District No. 7 Special Tax Bonds, Series 2003	Late Filed Financial Statement for Fiscal Year 2013-14	March 1, 2015	March 30, 2015	August 18, 2020
	Late Filed Financial Statement for Fiscal Year 2014-15	March 1, 2016	March 21, 2016	August 18, 2020

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.

MISCELLANEOUS

Brief descriptions of the Series 2020A Bonds, the Trust Agreement, the Sublease, the Lease, the Series 2020A Project, the 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 2020A 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______________________________

Lee Brand
Chair

CITY OF FRESNO

By______________________________

Michael Lima
Finance Director/City Controller

APPENDIX A

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

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.

Impact of COVID-19

The spread of a 2019 novel coronavirus "SARS COV-2" and the disease it causes ("COVID-19") is having significant negative impacts throughout the world, including in the County and the City. The COVID-19 pandemic is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other ramifications of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Financial information, including projections, forecasts, and budgets presented herein do not yet account for the potential effects of COVID-19, unless specifically referenced.

General. COVID-19 is significantly affecting the national capital markets and national, state and local economies. The State of California (the "State") announced that its general fund will be materially adversely impacted by the health-related and economic impacts of the pandemic. Unemployment in the United States has dramatically increased as a result of the outbreak. The State, the County of Fresno (the "County"), and the City of Fresno (the "City") have taken actions designed to mitigate the spread of COVID-19, including requiring temporary closures of non-essential businesses.

In response to the COVID-19 pandemic, the City implemented a shelter-in-place order on March 18, 2020. The order effectively closed all businesses other than those designated essential (grocery stores, healthcare facilities, etc.) as of the date of the order. The State implemented a shelter-in-place order on March 19, 2020. Although the State order has been loosened, infection rates continue to grow and the Governor has indicated that additional orders may be enacted. The City lifted its shelter-in-place order on May 26, 2020 as permitted by State guidelines, however, restrictions on certain businesses, including restaurants, family amusement centers, and bars were imposed on July 1, 2020 in response to State guidelines and increasing infection rates within the County. The State imposed additional restrictions on restaurants and personal care businesses beginning July 13, 2020.

As a result of COVID-19, the City has undertaken modifications to its standard budget approval process calendar for Fiscal Year 2020-21. See "–Budget Process–*Fiscal Year 2020-21 Budget Process*."

The COVID-19-related funding that the City expects to receive from the State and the federal governments is directed only at reimbursing or providing funding for direct COVID-19-related expenditures and the City has not received and, absent additional funding programs, does not currently expect to receive, funding from the State or the federal government to offset revenue losses as a result of COVID-19. Any unreimbursed advances of City funds could ultimately be paid from the General Fund.

Effect of COVID-19 on Fiscal Year 2019-20 and 2020-21 Budgets. As part of the City's shelter-in-place order, the City took the following actions which impacted its finances:

- postponed payment of Business Taxes from April 30, 2020 to June 1, 2020.

- suspended charging late fees on utility accounts while the order was in effect.

- suspended parking charges at the City's parking garages.

As part of the State shelter-in-place order, the State suspended payment of sales taxes by retailers and other revenues to the State while the shelter-in-place order was in effect.

The spread of COVID-19, its impact on economic activity, and the parallel suspension of revenue payments have made, and are anticipated to continue making, a significant impact on the City's finances. However, the City's Fiscal Year 2019-20 (unaudited actual) results indicate an approximately $8.9 million increase in General Fund revenues and an approximately $7.5 million increase in Fiscal Year 2020-21 (adopted budget) General Fund revenues. Decreased revenues are being experienced in the City's Transportation Department, Airports Department, Convention Center, and capital project funds with dedicated tax revenue sources (*e.g.*, gas tax).

In late April 2020, the City received $92.8 million from the federal government as part of the Coronavirus Aid, Relief, and Economic Support (CARES) Act. Under the CARES legislation and subsequent guidance from the U.S. Department of Treasury, these monies are to be used for COVID-19 mitigation and prevention measures, as well as monetary support of businesses and individuals who suffered economic loss during the pandemic. These monies are required to be spent by March 31, 2021 for any COVID-19 mitigation service/product delivered by December 31, 2020.

The City Council adopted a CARES spending plan on June 30, 2020. The following items were listed as uses of the $92.8 million CARES allocation the City received.

Initiative	Amount
Healthcare clinics in Southwest and Southeast Fresno	$10,000,000
Mobile COVID-19 Testing Program	5,000,000
Expanded Testing and Contact Tracing	5,000,000
Residential Housing Retention Grants	5,000,000
Food Assistance Grants	5,000,000
Homeless Transitional Housing	4,500,000
Upgrade/Rehab Parks and Community Centers	4,000,000
Business Support Grants	4,000,000
Childcare Vouchers for Essential Workers	2,389,809
Micro-Farmer Support Grants	500,000
COVID-19 Safe Practices Education Program	110,000
Retrofit City Facilities	4,250,000
Telework Technology Upgrade	2,000,000
Personal Protective Equipment Purchasing	1,000,000
City Expenses through 6/30/2020	1,000,000
City Expenses from 7/1/2020 through 12/31/2020	1,000,000
Public Safety Salaries	25,000,000
Contingency	13,006,104
TOTAL	$92,755,913

The City has spent $12.5 million of this CARES allocation through June 30, 2020.

In addition to the $92.8 million, the City also received dedicated CARES cost reimbursement allocations of $13 million for the Airports Department and $32.5 million for the Transportation Department. These dedicated cost reimbursement allocations have different usage deadlines and different eligibility requirements than the CARES amounts already received by the City. Additionally, the City received $7.1 million from the federal government and $1 million from the State for COVID-19 related homeless and public safety services. In total, the City has received $146.3 million for COVID-19 mitigation efforts through June 30, 2020. The City anticipates receiving additional federal COVID-19 funding before submission of the Fall Revise (defined herein) budget for Fiscal Year 2020-21.

While these federal funds provide much needed resources to combat the COVID-19 pandemic, the prohibition on their use for revenue replacement may have an impact on the finances of City operations such as the Convention Center. Due to the Convention Center's closure and the lack of revenue as a result of that closure, the City may have to provide a General Fund contribution to maintain the facility. Similarly, shortfalls in tax-based capital funds like Gas Tax may have to be offset by a General Fund contribution in order to complete projects on a timely basis.

City management believes there will be sufficient cash flow to fund operations in Fiscal Year 2020-21. This belief stems from the large amount of federal COVID-19 mitigation funds that have been received and the anticipation of additional funds. Even if additional CARES or CARES-type funds are not received, the City still has access to Federal Emergency Management Agency (FEMA) funds. While the City has applied for (and received) permission to access FEMA funds, it has not yet done so. Pursuant State guidance, the City will not be accessing FEMA funds until its CARES allocation is exhausted or for expenses incurred after the December 30, 2020 CARES deadline.

Management Discussion of Projected Financial Performance. Through February 2020, the City's General Fund was experiencing a slight deterioration in its net fund balance position. While revenues were increasing, expenses (particularly personnel costs) were rising faster than revenues. However, City staff believed the discrepancy between revenue and expense growth rates could be addressed in the Fiscal Year 2020-21 budget.

Due to the COVID-19 pandemic and the accompanying public health orders which effectively shut down the State's economy and resulted in delays by retailers in remitting/reporting revenues to the State and the City, the full financial impact of COVID-19 is still undetermined. Fiscal Year 2019-20 (unaudited actual) results indicate an approximately $8.9 million increase in General Fund revenues and an approximately $7.5 million increase in Fiscal Year 2020-21 (adopted budget). A combination of operational expenditure reductions, a hiring freeze, and the use of CARES funding for $9 million of public safety salaries is expected to offset any deficit created in Fiscal Year 2020-21 by declining revenues. Staff will be addressing any shortfalls with the Fall Revise budget which will be brought to Council in October 2020.

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 Council the proposed budget. The 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 Council further considers the proposed budget and makes any revisions it deems advisable. On or before June 30 of each year, the 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 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 Council may reconsider any action subject to the Mayor's veto. If five members of the 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 Council may amend or supplement the budget by motion adopted by the affirmative vote of at least five members of the seven-member Council. Again the Mayor retains veto authority over such actions and if so exercised the Council may override the Mayor's veto with five affirmative votes.

Fiscal Year 2020-21 Budget Process. In light of the extraordinary impact that both the COVID-19 pandemic and public health orders to combat the pandemic imposed on the City's finances, the Mayor proposed a "continuing resolution" to provide appropriations for the start of Fiscal Year 2020-21. Under the "continuing resolution", the Mayor proposed that Fiscal Year 2019-20 Amended appropriation and estimated revenue amounts for all departments and funds be "rolled over" to begin the new Fiscal Year, so revenue assumptions for Fiscal Year 2020-21 have not yet been revised to reflect current expectations. The Mayor proposed that he and the staff would return to Council in late September/October 2020 (the "Fall Revise") with a budget for the remainder of the Fiscal Year, which would reflect more accurate information on the financial impact from the COVID-19 pandemic. The "continuing resolution" also contained language that 10% of a fund's budget would be placed in a contingency account to be used as an offset should budget cuts be necessary as part of the Fall Revise.

After three weeks of hearings and deliberations, Council approved the "continuing resolution" with minor changes on June 30, 2020. The Mayor has reiterated his commitment to bringing a Fall Revise back to Council in the timeframe that was originally outlined.

Recent General Fund Budgets

Fiscal Year 2019-20 Budget. The Fiscal Year 2019-20 Adopted Budget was prepared in accordance with the following principles: (i) restore the financial health of the City; (ii) protect public safety resources to the greatest extent City resources allow; (iii) focus limited resources on "core services" such as public infrastructure, parks, planning and code enforcement; and (iv) align City resources in a manner that encourages neighborhood revitalization and economic development. The Fiscal Year 2019-20 Adopted Budget reflected an increase in resources of 2.4%, including $18.2 million of estimated carryover from Fiscal Year 2018-19 Budget. The Fiscal Year 2019-20 Adopted Budget maintains the General Fund reserve at $34.5 million, or 9.7% of net General Fund appropriations. The Operating Expenditure Appropriations increased by $9.8 million, or 2.7%, over Operating Expenditure Appropriations in the Fiscal Year 2018-19 Adopted Budget. See also "–Budget Process."

Fiscal Year 2020-21 Budget. The Fiscal Year 2020-21 Adopted Budget was prepared as a "continuing resolution" as discussed above. The Fiscal Year 2019-20 amended appropriations and estimated revenues as of May 15, 2020 were "rolled over" to become the Fiscal Year 2020-21 Adopted Budget. Staff will return to Council in October 2020 to submit a Fall Revise that will become part of the Fiscal Year 2020-21 Amended Budget.

The "continuing resolution" contains no reductions to City staff, nor any reduction in appropriations from those in place as of May 15, 2020. If revenues do not materialize or if further federal COVID-19 relief funds are not received, budgetary actions will be taken in the Fall Revise to balance the General Fund. Those actions include (but are not limited to) furloughs, position eliminations, and use of the General Fund Reserve.

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, being custodial in nature, however, are unlike all other types of funds, reporting only assets and liabilities. As such, they cannot be said to have a measurement focus. Agency funds do however use the accrual basis of accounting to recognize receivables and payables.

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, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

Table A-1A summarizes the City's actual General Fund balance sheet for Fiscal Years 2014-15 through 2018-19.

Table A-1A
City of Fresno
General Fund Balance Sheet
Fiscal Year 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
ASSETS					
Cash and Investments	$1,868	$15,628	$31,867	$35,971	$14,705
Receivables, Net	12,136	12,179	14,063	17,369	14,133
Grants Receivable	282	181	316	340	59
Intergovernmental Receivables	33,295	44,750	35,151	31,189	33,421
Due From Other Funds	21,568	14,712	7,628	4,563	9,408
Advances to Other Funds, Net	12,691	12,691	18,417	3,919	2,071
Property Held for Resale	–	–	–	–	–
Restricted Cash	5,207	1,610	1,623	1,640	37,004
TOTAL ASSETS	87,047	101,751	109,065	94,991	110,801
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accrued Liabilities	10,405	12,497	6,074	6,521	8,246
Unearned Revenue	1,963	2,271	2,428	2,043	1,684
Due to Other Funds	1,553	1,862	1,391	749	477
Advances From Other Funds	1,084	332	317	3,402	2,739
Deposits From Others	315	15	11	17	17
TOTAL LIABILITIES	15,320	16,977	10,221	12,731	13,163
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue – Property Tax	7,805	8,589	8,846	8,330	8,352
Unavailable Revenue – Sales Tax	8,355	14,511	4,195	4,947	7,729
Unavailable Revenue – Other	11,047	12,743	14,607	17,105	12,598
TOTAL DEFERRED INFLOWS OF RESOURCES	27,206	35,843	27,647	30,382	28,679
FUND BALANCES					
Nonspendable	12,691	12,691	18,417	3,919	2,071
Restricted	105	11	37	16	10
Committed	5,207	1,610	22,104	25,565	37,004
Assigned	1,874	2,811	3,890	2,845	4,562
Unassigned	24,643	31,808	26,749	19,533	25,312
TOTAL FUND BALANCES	44,520	48,931	71,197	51,878	68,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$87,047	$101,751	$109,065	$94,991	$110,801

Source: City of Fresno Finance Department.

Table A-1B summarizes the City's actual General Fund resources and expenditures for Fiscal Years 2016-17 through 2018-19, unaudited actuals for Fiscal Year 2019-20, and the Adopted Budget for Fiscal Year 2020-21.

Table A-1B
City of Fresno
General Fund Revenues and Expenditures and Changes in Fund Balances
For Fiscal Years 2016-17 through 2019-19, Unaudited Actuals for Fiscal Year 2019-20
and Adopted Budget 2020-21

	2016-17	2017-18	2018-19	Unaudited Actuals 2019-20	Adopted Budget 2020-21(1)
REVENUES:					
Taxes(2)	$266,811	$263,818	$282,932	$290,178	$290,989
Licenses and Permits	7,291	7,829	7,337	8,367	6,946
Intergovernmental	3,953	5,306	4,548	3,397	2,126
Charges for Services	25,839	25,959	30,720	33,506	32,387
Fines and Forfeitures, Penalties	3,487	3,872	3,643	3,564	4,499
Use of Money and Property	749	875	2,808	1,698	545
Miscellaneous	9,392	1,775	995	1,211	11,928
TOTAL REVENUES	317,521	309,434	332,983	341,921	349,420
EXPENDITURES:					
General Government	23,583	20,161	26,770	26,260	33,310
Public Protection	201,104	207,936	212,771	235,013	250,663
Public Ways and Facilities	9,504	8,033	7,855	17,366	20,318
Culture and Recreation	13,521	13,960	14,277	9,057	7,703
Community Development	20,125	24,104	23,713	26,919	33,396
Capital Outlay	4,508	11,196	1,850	4,875	9,435
Debt Service(3):	–	–	–	2,656	–
Principal	1,809	2,099	2,013	–	2,405
Interest	292	321	368	–	508
TOTAL EXPENDITURES	274,446	287,810	289,617	322,146	357,738
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	43,075	21,624	43,366	19,775	(8,318)
OTHER FINANCING SOURCES (USES)					
Transfers In	8,239	4,551	6,983	15,670	2,107
Transfers Out(4)	(35,068)	(40,618)	(37,878)	(39,490)	(25,930)
Capital Lease Financing	4,126	3,162	2,228	9,024	3,864
Sale of Capital Assets	1,894	114	2,382	–	–
TOTAL OTHER FINANCING SOURCES (USES):	(20,809)	(32,791)	(26,285)	(14,796)	(19,959)
Loss of Receivable	–	(8,152)	–	–	–
Net Changes in Fund Balances	22,266	(19,319)	17,081	4,979	–
FUND BALANCES - BEGINNING	48,931	71,197	51,878	68,959	41,209
FUND BALANCES - ENDING	$71,197	$51,878	$68,959	$73,938	$9,204

(1) See also "–Budget Process–*Fiscal Year 2020-21 Budget Process*" and "–Recent General Fund Budgets–*Effect of COVID-19 on Fiscal Year 2019-20 and Fiscal Year 2020-21 Revenues.*"
(2) See Table A-2–General Fund Revenue for the components of "Taxes."
(3) Represents debt service payable on capital leases.
(4) Includes debt service payable on outstanding General Fund Obligations. See "–Long-Term General Fund Obligations."
Source: City of Fresno Finance Department.

State Budgets

Approximately 65% 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

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2019-20 and the Fiscal Year 2020-21 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 State has publicly stated that its general fund will be materially adversely impacted by the health-related and economic impacts of the COVID-19 pandemic. Efforts to respond to and mitigate the spread of COVID-19 have had a severe impact on the State and national economies, triggered a historic drop and ongoing volatility in the stock market, and an expected recession. These efforts are expected to result in significant declines in State revenues from recent levels, as well as increased expenditures required to manage and mitigate COVID-19's impact on the State. Changes in the revenues received by the State, including receipt, if any, of federal COVID-19 funds, can affect the amount of funding, if any, to be received from the State by the City and other cities in the State.

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, including the current economic downturn, 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 41.14% of Fiscal Year 2018-19 operating revenues; followed by sales taxes representing approximately 28.13%; and charges for services, representing approximately 9.23%. These three sources represented an aggregate of approximately 78.5% of the General Fund Revenues for Fiscal Year 2018-19. For a discussion of potential State Budget impacts on General Fund Revenues, see "–State Budgets." For a discussion of property taxes and sales taxes, see "–*Ad Valorem* Property Taxation and "–Sales Tax."

The actual amounts for Fiscal Years 2017-18 and 2018-19, the unaudited actuals for Fiscal Year 2019-20, and the adopted budget for Fiscal Year 2020-21, and the approximate percentages of the City's total General Fund revenues are presented in Table A-2 below.

Table A-2
City of Fresno
General Fund Revenue Summary
Fiscal Years 2017-18 and 2018-19 Actuals,
Fiscal Year 2019-20 Unaudited Actuals and Fiscal Year 2020-21 Adopted Budget
($ in thousands)

Revenues	Actual 2017-18 Amount	Actual 2017-18 Percent of Total	Actual 2018-19 Amount	Actual 2018-19 Percent of Total	Unaudited Actuals 2019-20 Amount	Unaudited Actuals 2019-20 Percent of Total	Adopted Budget 2020-21 Amount	Adopted Budget 2020-21 Percent of Total
Property Taxes[1]								
1% Ad Valorem	$76,337	34.67%	$80,326	24.12%	$81,050	23.70%	$81,166	23.23%
Property Tax Override	12,365	4.00	13,354	4.01	13,749	4.02	13,262	3.80
Motor Vehicle In-Lieu	41,646	13.46	44,198	13.27	46,533	13.61	45,790	13.10
SUBTOTAL PROPERTY TAXES	130,348	42.12	137,878	41.41	141,332	41.33	140,218	40.13
Sales Tax[2]	84,171	27.20	93,670	28.13	98,592	28.83	98,394	28.16
Room Tax	13,936	4.50	13,997	4.20	13,104	3.83	14,430	4.13
Franchise Tax[3]	13,676	4.42	13,935	4.18	14,931	4.37	15,423	4.41
Business Tax	19,383	6.26	20,595	6.19	19,806	5.79	20,091	5.75
Other Taxes	2,304	0.74	2,857	0.86	2,413	0.71	2,433	0.70
SUBTOTAL TAXES	263,818	85.26	282,932	84.97	290,178	84.87	290,989	83.28
Charges for Services[4]	25,959	8.39	30,720	9.23	33,506	9.80	32,387	9.27
Licenses, Permits and Franchises	7,829	2.53	7,337	2.20	8,367	2.45	6,946	1.99
Intergovernmental[5]	5,306	1.71	4,548	1.37	3,397	0.99	2,126	0.61
Fines	3,872	1.25	3,643	1.09	3,564	1.04	4,499	1.29
Use of Money and Property	875	0.28	2,808	0.84	1,698	0.50	545	0.16
Miscellaneous[6]	1,775	0.57	995	0.30	1,211	0.35	11,928	3.14
TOTAL	$309,434	100.00%	$332,983	100.00%	$341,921	100.00%	$349,420	100.00%

(1) See "–Assessed Valuation; *Ad Valorem* Property Tax." and "*–Property Tax Override*."
(2) See "*–Sales and Use Taxes.*"
(3) Consists of taxes charged for telecommunication, solid waste, and utility services.
(4) See "–Charges for Services."
(5) Intergovernmental revenues include amounts received from federal, State, and other governmental entities.
(6) Miscellaneous revenues consist primarily of Transfers Out.
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. The State reimbursed redemption currently provides a credit 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 City property for the past 10 years is set forth in Table A-3.

Table A-3
City of Fresno
Assessed Value of Taxable Property†
Last 10 Fiscal Years

Fiscal Year	Secured Estimated Actual	Unsecured Estimated Actual	Total Taxable Assessed Valuation	% Change
2009-10	$26,857,338,571	$1,695,509,992	$28,552,848,563	(5.61)%
2010-11	26,427,029,439	1,607,052,037	28,034,081,476	(1.82)
2011-12	25,850,359,825	1,476,938,743	27,327,298,568	(2.52)
2012-13	25,446,100,571	1,511,385,533	26,957,486,104	(1.35)
2013-14	26,754,005,601	1,449,421,705	28,203,427,306	4.62
2014-15	28,638,669,937	1,444,805,569	30,083,475,506	6.67
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	34,750,109,702	1,899,510,831	36,649,620,533	5.94

† Includes secured and unsecured property.
Source: County of Fresno Finance Department.

Per-Parcel Assessed Valuation of Single Family Residences. Approximately 56.2% of the City's Fiscal Year 2020-21 assessed valuation was based on single family residences. Set forth in Table A-4 below is the per-parcel assessed valuation of single family residences for Fiscal Year 2020-21. Zillow estimates that the median home price in the City is approximately $258,500 as of September 16, 2020. Approximately [61.9%] of single-family residences have an assessed value below that median price estimate.

Table A-4
City of Fresno
Per Parcel 2019-20 Assessed Valuation of Single Family Homes

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	106,773	$22,964,070,850	$215,074	$186,395

2020-21 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	507	0.475%	0.475%	$ 9,371,028	0.041%	0.041%
$25,000 - $49,999	4,080	3.821	4.296	165,827,776	0.722	0.763
$50,000 - $74,999	7,416	6.946	11.242	464,825,272	2.024	2.787
$75,000 - $99,999	9,112	8.534	19.776	799,604,331	3.482	6.269
$100,000 - $124,999	9,176	8.594	28.370	1,034,010,808	4.503	10.772
$125,000 - $149,999	9,359	8.765	37.135	1,287,619,013	5.607	16.379
$150,000 - $174,999	9,550	8.944	46.079	1,551,218,217	6.755	23.134
$175,000 - $199,999	8,901	8.336	54.415	1,666,320,152	7.256	30.390
$200,000 - $224,999	8,033	7.523	61.939	1,704,402,528	7.422	37.812
$225,000 - $249,999	6,956	6.515	68.454	1,651,761,619	7.193	45.005
$250,000 - $274,999	6,954	6.513	74.967	1,824,558,737	7.945	52.950
$275,000 - $299,999	5,950	5.573	80.539	1,706,579,293	7.432	60.382
$300,000 - $324,999	5,105	4.781	85.320	1,591,763,891	6.932	67.313
$325,000 - $349,999	3,387	3.172	88.492	1,140,220,673	4.965	72.278
$350,000 - $374,999	2,672	2.503	90.995	966,107,281	4.207	76.486
$375,000 - $399,999	1,802	1.688	92.683	696,253,144	3.032	79.517
$400,000 - $424,999	1,423	1.333	94.015	585,543,813	2.550	82.067
$425,000 - $449,999	1,066	0.998	95.014	465,376,741	2.027	84.094
$450,000 - $474,999	800	0.749	95.763	369,239,823	1.608	85.702
$475,000 - $499,999	593	0.555	96.318	288,800,562	1.258	86.959
$500,000 and greater	3,931	3.682	100.000	2,994,666,148	13.041	100.000
TOTAL	106,773	100.000%		$22,964,070,850	100.000%	

† Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Table A-5 sets forth the City's principal secured taxable property owners by valuation for Fiscal Year 2019-20.

Table A-5
City of Fresno
Principal Secured Taxable Property Owners by Valuation
Fiscal Year 2019-20

Taxpayer	Type of Business	2019-20 Secured Assessed Value	% of Total Secured Assessed Value†
River Park Properties	Commercial/Miscellaneous	$211,440,728	0.58%
Gap Inc.	Commercial	154,145,500	0.42
Gallo, E & J Winery	Commercial/Agricultural/ Residential/Miscellaneous	144,148,569	0.39
Macerich Fresno Limited Partnership	Commercial	143,537,485	0.39
RPI Fig Garden LP	Commercial	114,418,961	0.31
Meganova LP	Residential/Commercial	108,945,444	0.30
DPIF Ca 6 Fresno LLC	Commercial Stores	98,794,596	0.27
Terraces at San Joaquin Gardens	Professional/Commercial/ Institutional/Miscellaneous	79,763,707	0.22
Granum Family Trust	Miscellaneous	72,475,999	0.20
Wa1-Mart Stores, Inc.†	Commercial/ Miscellaneous	72,096,349	0.20
SUBTOTAL PRINCIPAL TAXPAYERS		1,209,767,338	3.28
All Others	Various	35,439,853,195	96.72
TOTAL		$36,649,620,533	100.00%

† Property owner also has unsecured properties, value not included.
Sources: Fresno County Assessor's Office; Avenue Insights & Analytics, as compiled by Willdan Financial Services; 2019/20 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 rise 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 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 reassessment, 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-6 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-6
City of Fresno
Property Tax Levies and Collections(1)
Last 10 Fiscal Years

Fiscal Year Ending June 30	Net Total Tax Levy	Current Tax Collections(2)	Percent of Levy Collected	Delinquent Tax Collections(2)(3)	Total Tax Collections	Total Collections as a % of Adjusted Tax Levy
2010	$90,717,173	$95,393,395	95.74%	$3,846,403	$99,239,798	99.61%
2011	88,944,564	97,816,966	98.58	1,409,391	99,226,357	100.00
2012	87,016,755	96,163,705	98.55	1,411,466	97,575,171	100.00
2013	86,530,712	98,239,898	99.12	867,631	99,107,529	100.00
2014	90,601,174	101,452,992	99.01	421,496	101,874,488	99.42
2015	96,468,363	106,989,456	97.28	395,578	107,385,034	97.64
2016	100,946,941	113,633,713	98.52	508,181	114,141,894	98.97
2017	105,199,432	119,336,199	99.21	386,236	119,722,435	99.53
2018	109,890,834	123,764,163	98.43	649,161	124,413,324	98.95
2019	116,141,387	132,157,601	98.74	543,876	132,701,477	99.15

(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. The ordinance levying the override did not contain a termination date. See. "–City Retirement Systems" below.
(2) Beginning in Fiscal Year 2014, collections reflect those dollars that are related to the fiscal period in which the tax was levied.
(3) Beginning in Fiscal Year 2014, Delinquent Tax Collections do not include penalties and interest. Property tax collection for fiscal years prior to Fiscal Year 2014 have been adjusted so as not to exceed the levy.
(4) Original Levy for Fiscal Year 2010 corrected by Fresno County.
Source: County 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.

Effect of COVID-19 on Property Tax Collections. On May 6, 2020, the Governor signed Executive Order N-61-20 suspending provisions of the Revenue and Taxation Code requiring the collection of interest, penalties, and costs through May 6, 2021 for certain property taxes that are not subject to impounds and were not delinquent prior to March 4, 2020, upon satisfaction of the conditions in Executive Order N-61-20.

The City is unable to predict the extent this Executive Order will have on the number or willingness of taxpayers to make timely payments of their property taxes. However, County officials have stated that 98% of property tax payers made a timely property tax payment in April 2020. This percentage was in line with previous timely property tax payment percentages.

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 0.032438 per $100 to make payments in support of the Retirement Systems (as defined herein). See also "–City Retirement

Systems." This tax was validated by the State of California Superior Court in 1984. Monies generated by this Property Tax Override have been used to offset some of the General Fund's portion of retirement contributions for both the Police and Fire Retirement System and the Employee's Retirement System. The tax generated $13,354,304 in Fiscal Year 2018-19, and was anticipated to generate $13,262,300 in Fiscal Year 2019-20.

Continued assessment of the Property Tax Override is contingent upon the existence of an actuarially calculated underfunding of either pension systems. Legal counsel has opined that the City's annual debt service payment on its Pension Obligation Bonds constitutes an underfunding. Those bonds mature in Fiscal Year 2029-2030.

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 to 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. Since the repayment plan was affirmed by the Court, the City has been receiving approximately $3.5 million per year in loan repayments from the Successor Agency. These payments are scheduled to last through Fiscal Year 2027-2028. 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 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% 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-7 shows historical retail sales for certain businesses.

Table A-7
City of Fresno
Taxable Retail Sales
for Calendar Years 2014 through 2018†
($ in 000's)

	2014	2015	2016	2017	2018†
RETAIL AND FOOD SERVICES					
Motor Vehicle and Parts Dealers	$1,158,377	$1,299,866	$1,393,125	$1,349,634	$
Home Furnishings and Appliance Stores	305,230	342,731	357,165	355,176	
Bldg. Matrl. Garden Equip. and Supplies	390,986	420,230	457,293	476,433	
Food and Beverage Stores	374,098	372,174	375,394	400,190	
Gasoline Stations	718,833	604,009	543,608	590,019	
Clothing and Clothing Accessories Stores	427,202	439,715	455,351	448,815	
General Merchandise Stores	852,198	789,622	794,404	805,131	
Food Services and Drinking Places	790,222	835,609	929,233	977,790	
Other Retail Group	545,052	546,605	575,715	569,441	
TOTAL RETAIL AND FOOD SERVICES	5,562,107	5,668,560	5,881,289	5,972,631	
All Other Outlets	1,703,832	1,757,711	1,744,393	1,878,440	
TOTAL ALL OUTLETS	$7,265,939	$7,426,271	$7,625,683	$7,851,071	$

† Preliminary. [Calendar year data by type of business is not yet available.]
Source: State Board of Equalization.

For Fiscal Year 2019-20 sales tax revenues were $98.5 million (unaudited actual). The City currently estimates that sales tax revenues will be [approximately $98.4 million in Fiscal Year 2020-21 (adopted budget) representing an approximately 0.20% decrease compared to Fiscal Year 2019-20 sales tax revenue (unaudited actual)] due to the effects of COVID-19 on the economy. See also "–Impact of COVID-19–Effect of COVID-19 on Fiscal Year 2019-20 and 2020-21 Budgets."

Charges for Services

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

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. 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 *et seq.* and 53635 *et seq.* Authorized investments also include, in accordance with California Government Code Section 16429.1, investments in the State Local Agency Investment Fund ("LAIF").

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.

Current Investments. The City's Finance Department prepares monthly investment reports which are available at https://www.fresno.gov/finance/financial-reports/.

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.

The City maintains General Liability Insurance, with limits of liability of $25 million per occurrence and $50 million aggregate in Excess Liability. There is a $3 million self-insured retention (SIR). Coverage in excess of the SIR is provided by the Security National Insurance Company ($2 million/$4 million) or Safety Specialty $2 million, depending on the line of coverage and thereafter Safety Specialty Insurance Company ($8 million/$16 million) and Arch Insurance Company ($15 million/$30 million). The City has procured Automobile Physical Damage coverage through Hanover Insurance Company with a $10 million limit. For vehicles valued at less than $150,000 the deductible is $50,000. For vehicles valued at $150,000 or more the deductible is $100,000. The City carries Government Crime coverages with a $5 million limit secured through Zurich Insurance Company with a $50,000 deductible and Cyber liability coverage under Indian Harbor with a $200,000 SIR and a $2 million limit. 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 total insured values of $1,462,245,250 and limits of liability of $1 billion. There is a $100,000 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. There is a 1.0% of insured value each claim, subject to a maximum of $15,000, rotors in-motion deductible and $0 rotors not in-motion deductible of each helicopter. Coverage is provided by Old Republic Insurance Company through Phoenix Aviation Managers (Texas), Inc.

The City's Workers' Compensation Program consists of $2 million SIR, with purchased excess insurance layers up to the statutory limits. 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, 2019, are 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 $128.4 million reported in Risk Management Internal Service Fund at June 30, 2019, 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.

The recorded liabilities for each program at June 30, 2019 were as follows:

Workers' Compensation[†]	$101,163
Liability and Property Damage[†]	27,227
TOTAL	128,390

[†] 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, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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-8 summarizes the names of the unions or associations, the length of and expiration dates for the contracts. The City expects that any contracts that have expired will be replaced with new contracts.

Table A-8
City of Fresno
Employee Contracts

Union/Association	Length of Contract (Years)	Expires
International Association of Fire Fighters, Local 753/Unit 10	2	June 30, 2020†
Fresno City Employee Association/Unit 03	2	December 20, 2020
International Association of Firefighters, Local 753/Units 05	2	August 16, 2020†
Amalgamated Transit Union, Division 1027/Unit 06	2	October 25, 2020
City of Fresno Professional Employees Association/Unit 13	2	June 21, 2020†
Fresno Airport Public Safety Supervisors/Unit 11	2	September 1, 2020
Fresno Airport Public Safety Supervisors/Unit 15	2	August 15, 2020†
Fresno Police Officers Association/Unit 04	2	June 20, 2021
Fresno Police Officers Association Police Management/Unit 09	2	June 20, 2021
City of Fresno Management Employees Association/Unit 14	2	January 2, 2022
I.U.O.E. Stationary Engineers, Local 39/Unit 01	3	January 1, 2023
IBEW, Local Union 100/Unit 07	3	September 13, 2020†

† Negotiations are currently in process. Members of this bargaining unit continue to work pursuant to the terms of the expired contract.

Source: City of Fresno Labor Relations Division.

City Health and Welfare Trust Self Insurance Program

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.

The City created the Fresno City Employees Health and Welfare Trust Fund (the "Health and Welfare Trust Fund") in 1972 to provide and maintain the Health and Welfare Plan. At the present time the Health and Welfare Trust Fund covers certain represented employees (those employees represented by a union and for whom payments into the Health and Welfare Trust Fund are being made under a Memorandum of Understanding) and unrepresented employees (those employees not represented by a union or not covered by a Memorandum of Understanding for whom payments into the Health and Welfare Trust Fund are being made).

The following unions are covered by the Fresno City Employees Health and Welfare Trust Plan: International Brotherhood of Electrical Workers Local 100 (IBEW), Fresno Firefighters Local 753 (FFA), Fresno Police Officers Association (FPOA), Amalgamated Transit Union (ATU), Fresno City Employees Association (FCEA), City of Fresno Professional Employees Association (CFPEA), Fresno Airport Public Safety Supervisors (FAPSS), Fresno Airport Public Safety Officers (FAPSO), City of Fresno Management Employees Association (CFMEA) and Stationary Engineers Local 39 Blue Collar. The percentage of the premium the employee is required to pay to receive the higher benefit level is negotiated by each bargaining unit.

City retirees are also eligible for participation in the plans by paying the full blended premium cost. Since the market value of the benefits received by the retirees is greater than the premium they pay, the difference between what retirees pay and what they receive is considered an "implicit subsidy" of the retiree's contribution rate. This "implicit subsidy" is recorded as an Other Post-Employment Benefit liability on the City's financial statements.

Pursuant to the Health and Welfare Trust Agreement with respect to the Health and Welfare Trust Fund, the City is not liable for any debts, liabilities or obligations of the Health and Welfare Trust Fund or its Board of Trustees. The City's primary liability to the Health and Welfare Trust Fund is to provide the contribution defined in each unit's Memorandum of Understanding. In addition to that liability, the Health and Welfare Trust is required to maintain a four month cash reserve of anticipated claims. Under the terms of the agreement between the City and the Health and Welfare Trust, the City is responsible for making the Health and Welfare Trust whole should the cash reserve of anticipated claims fall below the four month threshold. To date, the City has not needed to provide an additional cash payment to maintain the Health and Welfare Trust Fund's reserves. Management does not believe such a payment will be necessary for the foreseeable future.

For Fiscal Year 2019-20, the City made contributions of $916 per month for each eligible employee, as defined by each unit's Memorandum of Understanding. The total annual cost for Fiscal Year 2019-20 was $36,560,090. For Fiscal Year 2020-21, the contribution is $946 per month for each eligible employee. The following table shows the City's to the Health and Welfare Trust Fund contribution for the five most recently completed Fiscal Years:

Fiscal Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
City Contribution	$30,362,626	$31,521,340	$33,276,581	$34,860,260	$36,560,090

Source: City of Fresno Finance Department.

For additional information regarding the Health and Welfare Plan, see APPENDIX B–"CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019–Notes to Financial Statements–Note 10.E–Health Benefit Plan."

City Retirement Systems

Overview. The City currently maintains two single-employer, contributory, defined benefit plans for its employees, pursuant to Article XI of the City's Charter and governed by Articles 3, 4 and 5 of Chapter 3 of the City of Fresno Municipal Code. A two tiered system covers all full-time fire fighters and police officers (the "Fire and Police Retirement System"), with Tier 1 covering all fire fighters and police officers hired between October 27, 1927 and August 26, 1990; and Tier 2 covering all fire fighters and police officers hired after August 27, 1990. A separate system covers all other permanent full-time employees (the "Employees Retirement System") and together with the Fire and Police Retirement System, the "Retirement Systems."

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 provide retirement, disability and death benefits to their respective plan members and beneficiaries. The Retirement Boards each consist of five members, selected as follows: two members elected by and from City employees affected, two members from management appointed by the Mayor with approval of the City Council, and the fifth member chosen by the previously designated four members. The same staff administers both Retirement Systems.

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. See also APPENDIX B–"CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019–Funding Requirements."

Funding Requirements. 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.

As of June 30, 2019, the Retirement Systems did not have a UAAL.

Funding Policy. The City contributes to the Retirement Systems based upon calculations of the independent actuary of the Retirement Systems and adopted by the respective Retirement Board, are presented as a percentage of the annual covered salary/payroll.

The City contributes to the Retirement Systems based upon actuarially determined contribution rates adopted by the Boards. Employer and member contribution rates are adopted annually based upon recommendations received from the actuary of each Retirement System after the completion of the annual actuarial valuation.

<u>Fire and Police System</u>. For the Fire and Police System, the average employer contribution rate as of July 1, 2019, for 2018-19 (based on the June 30, 2017 valuation) was 19.59% of compensation and the average employee member contribution rate was 8.97% of compensation. As of July 1, 2020, the average employer contribution rate for Fiscal Year 2020-21 (based on a June 30, 2019 valuation) is 22.82% 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 as of June 30, 2019 for Fiscal Year 2018-19 (based on the June 30, 2017 valuation) was 5.02% of compensation and the employee contribution rates for Tier 2 were established at 9% of pensionable base pay. The Tier 1 average member contribution rate as of July 1, 2020 for Fiscal Year 2020-21 (based on the June 30, 2019 valuation) is 0% of compensation (Tier 1 members over age 60 with at least 20 years of service and Tier 2 members over age 60 with ate least 10 years of service are not required to make contributions) and the employee contribution rates for Tier 2 are established at 8.99% of pensionable base pay.

Employee Retirement System. For the Employees System, the average employer contribution rate as of July 1, 2019, for Fiscal Year 2018-19 (based on the June 30, 2018 valuation) was 11.11% of compensation and the average employer contribution rate for Fiscal Year 2020-21 (based on a June 30, 2019 valuation) is 13.03% of compensation.

All active Employees System members are required to make contributions to the Employees System. The member contribution rate as of June 30, 2019 for Fiscal Year 2018-19 (based on the June 30, 2018 valuation) was 7.58% of compensation. And the member contribution rate as of June 30, 2020 for Fiscal Year 2019-20 (based on the June 30, 2019 valuation) is 9.04% of compensation.

Actuarial Assumptions. The total pension liability of each plan as of June 30, 2019 was determined by an actuarial valuation of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2018. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75% to 11.25%, varying by service, including inflation (Employees)
	4.00% to 12.75%, varying by service, including inflation (Fire and Police)
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Other assumptions	See Appendix A in the Comprehensive Annual Financial Report for the Employee's Plan and the Fire/Police Plan 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 2018-19, the annual investment rate of return, net of pension plan expense, was 5.20%.

Member Population. Set forth below is five-year historical trend information about the Retirement Systems.

Table A-9A
Fire and Police Retirement System
Member Population
(As of through June 30)

	2016	2017	2018	2019	2020
Active Members					
Vested	899	863	808	795	806
Non-Vested	152	221	330	331	291
TOTAL ACTIVE MEMBERS	1,051	1,084	1,138	1,126	1,097
Retirees and Beneficiaries of Deceased Retirees					
Retired, Currently Receiving Benefits	1,001	1,042	1,062	1,079	1,096
Inactive Vested Members	81	90	94	88	85
TOTAL RETIREES AND INACTIVE MEMBERS	1,082	1,132	1,156	1,167	1,181
GRAND TOTAL	2,133	2,216	2,294	2,293	2,278

Sources: City of Fresno Fire and Police Retirement System Comprehensive Annual Financial Reports for the Years Ended June 30, 2016 through June 30, 2019, and unaudited Retirement System records for Fiscal Year 2019-20 data.

Table A-9B
Employees Retirement System
Member Population
(As of June 30)

	2016	2017	2018	2019	2020
Active Members					
Vested	1,462	1,405	1,285	1,266	1,296
Non-Vested	492	674	887	965	927
TOTAL ACTIVE MEMBERS	1,954	2,079	2,172	2,231	2,223
Retirees and Beneficiaries of Deceased Retirees					
Retired, Currently Receiving Benefits	1,849	1,916	1,970	2,035	2,084
Inactive Vested Members	261	251	251	247	236
TOTAL RETIREES AND INACTIVE MEMBERS	2,110	2,167	2,221	2,282	2,320
GRAND TOTAL	4,064	4,246	4,393	4,513	4,543

Sources: City of Fresno Employees Retirement System Comprehensive Annual Financial Reports for the Years Ended June 30, 2016 through June 30, 2019, and unaudited Retirement System records for Fiscal Year 2019-20 data.

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

Table A-10A
Fire and Police Retirement System
Schedule of Funding Progress
($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Prefunded (Unfunded) AAL (a)–(b)	Funded Ratio (%) (a)/(b)	Covered Payroll (c)	Prefunded AAL/(UAAL) as a Percentage of Covered Payroll (%) [(a) - (b)]/(c)
6/30/2015	$1,220	$1,020	$224	119.6%	$95	210.3%
6/30/2016	1,277	1,067	209	119.6	99	211.7
6/30/2017	1,355	1,131	224	119.8	103	217.8
6/30/2018	1,437	1,195	242	120.3	111	218.1
6/30/2019	1,495	1,278	217	117.0	115	188.8

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuation and Review as of June 30, 2015 through June 30, 2019.

Table A-10B
Employees Retirement System
Schedule of Funding Progress
($ in millions)

Actuarial Valuation Date	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)
6/30/2015	$1,049	$960	$89	109.2%	$110	(80.6%)
6/30/2016	1,087	977	110	111.3	113	(97.2)
6/30/2017	1,145	1,014	131	113.0	126	104.3
6/30/2018	1,203	1,048	155	114.8	135	114.9
6/30/2019	1,239	1,107	131	111.9	126	90.7

Sources: City of Fresno Employees Retirement System Actuarial Valuation and Review as of June 30, 2015 through June 30, 2019.

Schedule of Employer Contributions. Set forth below is the schedule of net employer Fire and Police contribution rates for the Retirement Systems.

Table A-11A
Fire and Police Retirement System
Schedule of Employer Contributions
($ in 000s)

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	$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

Sources: City of Fresno Fire and Police Retirement System Actuarial Valuation and Review as of June 30, 2015 through June 30, 2019.

Set forth below is the schedule of net Employers contribution rates for the Retirement Systems.

Table A-11B
Employees Retirement System
Schedule of Employer Contributions
($ in 000s)

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

Sources: City of Fresno Employees Retirement System Actuarial Valuation and Review as of June 30, 2015 through June 30, 2019.

Investment Rate of Return. Set forth below is the schedule of net rate of return for the Retirement Systems.

Table A-12
Retirement Systems
Schedule of Investment Returns

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

Sources: City of Fresno Comprehensive Annual Financial Reports for the Year Ended June 30, 2015 through June 30, 2019.

Net Pension Liability. GASB No. 67, which became effective for financial statements for fiscal years beginning after June 15, 2013, requires a statement of net pension liability, measured as total pension liability less fiduciary net position. GASB 67 is applicable to financial statements for the Fiscal Years ending June 30, 2018 and June 30, 2019. Total pension liability is determined using the discount rate as described under the caption "*–Discount Rate*" below.

The net pension liability of the Retirement Systems is set forth in Table A-13A and 13-B below.

Table A-13A
Fire and Police Retirement System
Net Pension Liability/(Prefunded Surplus)(1)

Fiscal Year (June 30)	Net Pension Liability (Prefunded Surplus)(1)
2018	($215,103,888)(2)
2019	(143,671,068)(3)

(1) GASB No, 67 does not set forth a metric for a "net pension liability" (*i.e.* surplus position) which is negative. The term "Prefunded Surplus" is used for convenience.
(2) Calculated based on the June 30, 2017 actuarial valuation that assumed an investment rate of return equal to 7.25%, an inflation rate equal to 3.00% and projected salary increases ranging from 4.00% to 12.00%.
(3) Calculated based on the June 30, 2019 actuarial valuation. See "*–Actuarial Assumptions*."
Sources: City of Fresno Fire and Police Retirement System Actuarial Valuations and Reviews as of June 30, 2019 and 2018.

Table A-13B
Employees Retirement System
Net Pension Liability/(Prefunded Surplus)[(1)]

Fiscal Year (June 30)	Net Pension Liability (Prefunded Surplus)[(1)]
2018	($153,396,700)[(2)]
2019	(101,319,007)[(3)]

(1) GASB No, 67 does not set forth a metric for a "net pension liability" (*i.e.* surplus position) which is negative. The term "Prefunded Surplus" is used for convenience.
(2) Calculated based on the June 30, 2017 actuarial valuation that assumed an investment rate of return equal to 7.25%, an inflation rate equal to 3.00% and projected salary increases ranging from 3.75% to 11.50%.
(3) Calculated based on the June 30, 2019 actuarial valuation. See "*–Actuarial Assumptions*."
Sources: City of Fresno Employees Retirement System Actuarial Valuations and Reviews as of June 30, 2019 and 2018.

Discount Rate. The discount rate used to measure total pension liability was 7.00% and 7.25% as of June 30, 2019 and 2018, respectively for both Pension 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/employee-retirement-system/investments/ or by contacting the Retirement Office at 2828 Fresno Street, Suite 201, Fresno, California 93721.

Compensated Absences. Employees may accumulate up to 600 hours of vacation pay depending on an employee's bargaining group and length of service, which is payable upon termination. Sick leave, which may be accumulated up to 12 hours per month, has no maximum. If eligible, most bargaining units receive a portion of the value of their sick leave balance at termination in their Health Reimbursement Account (HRA). Otherwise, employees do not receive any value from their sick leave balances at termination.

Annual leave, which may be accumulated up to 1,200 hours, depending upon bargaining unit and length of service, is payable upon termination or retirement. Holiday leave may be accumulated indefinitely depending upon the bargaining groups and is payable for active employees as well as a termination or retirement. Annual leave allows for the cashing out of the higher of 25% of the accumulated balance or 48 hours, once per fiscal year. Supplemental sick leave is awarded to unrepresented management, professionals and to white collar employees at the rate of 40 hours at the beginning of each fiscal year. The balance can only be used after other leave balances are exhausted, or for other specific reason outlines in the various Memoranda of Understanding (MOU's) or Salary Resolutions. The balance is payable at termination or retirement or is accounted for as part of an HRA which is unfunded and expended on a pay-as-you-go basis.

The accrued employee leave balance payable from the General Fund as of June 30, 2019 was $56.16 million of which the current portion was $8.15 million.

Other Post-Employment Benefits

Plan Description. The City of Fresno 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 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 on 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 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. 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 for 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, 2017.

Inactive employees or beneficiaries currently receiving benefit payments	423
Inactive employees entitled to but not yet receiving benefit payments	–
Active employees	3,325
Total participants covered by OPEB plan	3,748

Source: City of Fresno Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

Net OPEB Liability. The City's net OPEB liability of $113.7 million was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date to determine the June 30, 2019 total OPEB liability. This figure represents the actuarially calculated value of the difference between the monthly premiums retirees actually pay for health insurance through the Trust and what they would pay on the open market for a comparable plan.

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 Dare	June 30, 2019
Measurement Date†	July 1, 2017
Valuation Date	July 1, 2019
Discount Rate	3.58% / 3.5%
Healthcare Coast Trend Rates:	
Current Year Trend	4.03% / 3.98%
Second Year Trend	7.00%
Decrement	N/A
Ultimate Trend	6.00%
Year Ultimate Trend is Reached	2039
Salary Increases	2.50%
Actuarial Cost Method	Entry Age Normal

Source: City of Fresno Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

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 July 1, 2017.

Mortality rates were based on the RP-2000 Combined Healthy Participant Table Project 10 Years using Projection Scale AA.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The July 1, 2017 valuation was prepared using a discount rate of 3.58%. If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to $98.2 million or by 13.67%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to $125.7 million, or by 10.53%.

	1% Decrease 2.50%	**Current Discount Rate 3.50%**	**1% Increase 4.50%**
Net OPEB Liability ($ in thousands)	$125,671	$113,700	$98,159

Source: City of Fresno Comprehensive Annual Financial Reports for the Year Ended June 30, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The July 1, 2017 valuation was prepared using an initial trend rate of 4.03% / 3.98%. If the trend rate were 1% higher than what was used in this valuation, the Net OPEB Liability would increase to $123.9 million or by 8.96%. If the trend rate were 1% lower than was used in this valuation, the Net OPEB Liability would decrease to $81.1 million or by 28.69%.

	1% Decrease 233% / 2.07	**Current Discount Rate 4.03% / 3.98%**	**1% Increase 4.33% / 4.07%**
Net OPEB Liability ($ in thousands)	$81,082	$113,700	$123,685

Source: City of Fresno Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

OPEB Expense. For the Year ended June 30, 2019, the City recognized an OPEB expense of $8.5 million.

Healthcare Plans Claims Liability. The recorded liability for the Employees Healthcare Plan at June 30, 2019, for employee health benefit claim payments for direct provider care is $was $4.3 million.

Changes in the funds claims liability amount for the last two fiscal years are as follows:

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Provision for Claims	Claims Payments	End of Fiscal Year Liability
2018	$4,600	$47,010	$46,710	$4,900
2019	4,900	49,274	49,874	4,300

Source: City of Fresno Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

Long-Term General Fund Obligations

The City has never defaulted on the payment of principal of 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.

Note Payable. In 2012, the City entered into a loan with the California Infrastructure and Economic Development Bank (the "IBank Loan") to finance costs of construction in Roeding Business Park located in the City. This loan matures in Fiscal Year 2033-34. As of June 30, 2020, the outstanding balance of the IBank Loan was approximately $1.5 million.

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 2029. As of June 30, 2020, the City had approximately $49.6 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. As of June 30, 2020, the City had approximately $272.2 million principal amount of lease revenue bonds outstanding.

For a summary of the City's outstanding obligations payable from the General Fund, see APPENDIX B–"CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019–Notes to the Financial Statements–Note 6: Long-Term Liabilities."

Table A-14A summarizes the long-term General Fund obligations of the City as of June 30, 2020. 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-14B for the debt service payable on the long-term General Fund obligations for Fiscal Years 2020-21 through Fiscal Year 2024-25.

Table A-14A
City of Fresno
Long-Term General Fund Obligations
(As of June 30 2020)

Issue	Dated Date	Original Principal Amount	Outstanding Principal Amount	Maturity Date
IBank Loan[1]	February 1, 2012	$2,441,000	$1,535,000	February 1, 2033
Capital Leases[1]	Various	Various	43,589,960	Various
Lease Revenue Bonds (Exhibit Hall Expansion Project) Series of 1998[2]	October 1, 1998	32,609,535	1,815,315	September 1, 2028
Lease Revenue Bonds (Multi-Purpose Stadium) Series 2001B (Federally Taxable)[3]	June 12, 2001	45,850,000	13,615,000	June 1, 2031
Taxable Pension Obligation Bonds Refunding Series 2002[4]	February 21, 2002	205,335,000	116,160,000	June 1, 2029
Lease Revenue Bonds (Various Capital Projects) Series 2004C (Federally Taxable)	April 14, 2004	28,870,000	11,510,000	October 1, 2029
Lease Revenue Bonds (Master Lease Projects) Series 2008F (Federally Taxable)	August 14, 2008	21,410,000	5,580,000	April 1, 2023
Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017A	May 10, 2017	122,360,000	100,605,000	April 1, 2039
Lease Revenue Refunding Bonds (Master Lease Projects), Series 2017B (Federally Taxable)	May 10, 2017	23,920,000	22,030,000	April 1, 2031
	TOTAL		$317,346,275	

(1) For details of the IBank Loan and capital leases see APPENDIX B–"CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019–Notes to Financial Statements–Note 6–Long-Term Liabilities."
(2) 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-14B
City of Fresno
Debt Service Schedule for Long-Term General Fund Obligations
Fiscal Years 2020-21 through 2024-25
As of June 30, 2020

Fiscal Year	IBank Loan[(1)]	Capital Leases[(1)]	Series 1998 Bonds[(2)]	Series 2001B Bonds	Series 2002 POBs	Series 2004C Bonds	Series 2008F Bonds	Series 2017A Bonds	Series 2017B Bonds	Fiscal Year Total
2020-21	$138,810	$9,921,632	$750,000	$865,000	$9,160,000	$935,000	$2,408,860	$8,785,000	$1,985,000	$34,810,492
2021-22	138,507	9,274,289	750,000	925,000	9,755,000	990,000	2,412,515	7,165,000	2,040,000	33,450,311
2022-23	137,869	8,157,701	750,000	985,000	10,385,000	1,050,000	1,461,790	8,130,000	2,100,000	33,157,360
2023-24	137,185	7,040,745	750,000	1,055,000	11,065,000	1,110,000	–	7,270,000	1,750,000	30,177,930
2024-25	136,825	3,669,940	750,000	1,130,000	11,790,000	1,180,000	–	5,425,000	1,805,000	25,886,765
TOTAL	$689,196	$38,064,307	$3,750,000	$4,960,000	$52,155,000	$5,265,000	$6,283,165	$36,775,000	$9,680,000	$157,621,668

(1) For details of the IBank Loan and capital leases see APPENDIX B–"CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019–Notes to Financial Statements–Note 6–Long-Term Liabilities."
(2) The Series 1998 Bonds were issued as capital appreciation bonds.
Source: City of Fresno, Finance Department.

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Direct and Overlapping Debt

Table A-15 below sets forth a statement of direct and overlapping debt (the "Debt Report") within the City as of September 1, 2020. 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. The City takes no responsibility for its completeness or accuracy. 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-15
City of Fresno
Direct and Overlapping Debt Statement

2020-21 Assessed Valuation: $40,869,953,930

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/20	
State Center Community College District	44.218%	$ 59,756,205	
Central Unified School District	81.418	120,028,641	
Clovis Unified School District	48.452	154,174,165	
Fowler Unified School District	4.006	1,055,637	
Fresno Unified School District	84.640	437,474,610	
Sanger Unified School District	22.909	39,000,163	
Washington Unified School District	53.915	11,184,667	
West Fresno School District	98.541	610,954	
California Statewide Communities Development Authority Community Facilities District No. 2012-01	100.	4,090,000	
City of Fresno Community Facilities District No. 4	100.	815,000	
City of Fresno Community Facilities District No. 5	100.	690,000	
City of Fresno Community Facilities District No. 7	100.	1,220,000	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$830,100,042	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Fresno County General Fund Obligations	46.713%	$ 14,635,183	
Fresno County Pension Obligation Bonds	46.713	100,786,190	
Central Unified School District Certificates of Participation	81.418	24,221,041	
Clovis Unified School District Certificates of Participation	48.452	9,557,157	
Fresno Unified School District Certificates of Participation	84.640	11,329,064	
Sanger Unified School District Certificates of Participation	22.909	8,997,510	
Washington Unified School District Certificates of Participation	53.915	3,164,811	
Clovis Veterans Memorial District General Fund Obligations	47.239	1,639,193	
City of Fresno General Fund Obligations	**100.**	**154,909,238**	(1)
City of Fresno Pension Obligation Bonds	**100.**	**107,555,000**	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$436,794,387	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
Fresno Redevelopment Agency Mariposa Medical Project Area	100. %	$1,185,000	
TOTAL OVERLAPPING TAX INCREMENT DEBT		$1,185,000	
COMBINED TOTAL DEBT		$1,268,079,429	(2)

(1) Excludes issue 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 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.03%
Combined Direct Debt ($262,464,238).....................................0.64%
Combined Total Debt 3.10%

Ratios to Redevelopment Incremental Valuation ($2,898,714,573):
Total Overlapping Tax Increment Debt......................................0.04%

Source: California Municipal Statistics, Inc.

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 reflect 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 of the information provided in under 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 114 square miles, 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.

In addition to traditional general government functions of police and fire services, as of June 30, 2019, the City operated as enterprises more than 137,000 active water, sewer, and solid waste utility accounts, two airports, a major convention center facility and a multipurpose stadium. The City also provides the downtown area with 5,892 parking stalls, and 2,100 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 1,393 acres of regional neighborhood and pocket parks, 38 neighborhood and community centers and eight public pools.

City Government

The City is a charter city. On January 7, 1997, the City began operating under a system of government wherein the Mayor has executive powers, sometimes known as a "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-16 and Table A-17, respectively:

Table A-16
City of Fresno
Mayor and City Council Members

Member	Position	Term Expires
Lee Brand	Mayor	January 2021
Esmeralda Z. Soria, *District 1*	Councilmember	January 2023
Mike Karbassi, *District 2*	Councilmember	January 2025
Miguel Arias, *District 3*	President	January 2023
Paul Capriogolio, *District 4*	Vice President	January 2025
Luis Chavez, *District 5*	Councilmember	January 2025
Garry Bredefeld, *District 6*	Councilmember	January 2025
Nelson Esparza, District 7	Councilmember	January 2023

Table A-17
City of Fresno
Key Administrative Personnel

Member	Position
Wilma Quan	City Manager
Douglas T. Sloan	City Attorney
Michael Lima	Finance Director/City Controller
Yvonne Spence, MMC	City Clerk

Budgeted City full-time employees number 3,693.35 for Fiscal Year 2019-20, of which 1,075.65 were assigned to the Police Department and 345.50 were assigned to the Fire Department. Fire protection service is provided by the City, which has 21 stations within its borders.

Population

Between January 1, 2015 and January 1, 2019, the City's population increased approximately 3.2% compared to an approximately 4.3% increase and an approximately 2.5% increase for the County and the State, respectively, for the same period. A summary population for the City, the County and the State for 2000 and 2016 through 2020 (the most recent year for which data is available) is shown in Table A-18:

Table A-18
City, County and State Population
2000 and 2016 through 2020†
(As of January 1)

Year	City	County	State
2000	426,900	797,900	33,753,000
2016	524,826	985,572	39,214,803
2017	527,527	955,922	39,504,609
2018	531,580	1,007,252	39,740,508
2019	542,012	1,015,195	39,695,376
2020†	545,769	1,023,358	39,782,870

† Preliminary.
Sources: State of California, Department of Finance, 2016 through 2020; U.S. Census, 2000.

Employment

Table A-19 summarizes the average labor patterns in the City, the County, the State and the United States from 2015 through 2019.

Table A-19
Estimates of Civilian Labor Force, Employment, and Unemployment
Annual Average for Calendar Years 2015 through 2019

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate
2019				
City	234,600	221,200	13,400	5.7%
County	450,800	418,100	32,700	7.2
State	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
2018				
City	232,200	218,400	13,800	5.9
County	446,700	412,800	33,900	7.6
State	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2017				
City	231,000	215,300	15,700	6.8
County	444,900	406,900	37,900	8.5
State	19,176,400	18,257,100	919,300	4.8
United States	162,320,000	153,337,000	6,982,000	4.4
2016				
City	230,400	212,800	17,600	7.7
County	444,600	402,400	42,200	9.5
State	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2015				
City	235,300	209,300	26,000	11.1
County	440,100	395,300	44,800	10.2
State	18,828,800	17,660,700	1,168,100	6.2
United States	157,130,000	148,834,000	8,296,000	5.3

Sources: State Employment Development Department, Labor Market Information Division, Labor Force Data for Sub-County Areas and U.S. Department of Labor, Bureau of Labor Statistics.

Since March 2020, the COVID-19 pandemic has caused an unprecedented loss of jobs and an increase in unemployment. The State Employment Development Department reported preliminary July 2020 unemployment rates (not seasonally adjusted) for the State of 13.3% (compared to 14.9% for June 2020), 13.5% for the County (compared to 14.6% for June 2020), and 14.1% for the City (compared to 14.6% for June 2020). The increase in Statewide unemployment from 5.5% in March 2020 represents the largest percentage loss of jobs and the highest unemployment rate in the State's data series that dates back to 1976. The previous high in unemployment in this series was 12.3 % at the height of the Great Recession in 2010.

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.

Table A-20 lists the major public and private sector employers within the City and their estimated number of full-time employees.

Table A-20
City of Fresno
Principal Employers
2019

Employer	Industry/Service	Estimated Full-Time Employees
Fresno Unified School District	Education	10,552
Community Regional Medical Center	Healthcare	8,500
County of Fresno	Government	7,773
Internal Revenue Service	Federal Government	4,040
Olam	Agriculture Products	3,576
Zacky Farms LLC	Food Producer	3,575
City of Fresno	Municipality	3,300
Saint Agnes Medical Center	Healthcare	2,812
California State University, Fresno	Education	2,543
Amazon.com, Inc.	Online Retailer	2,500

Source: Fresno County Economic Development Corporation.

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Agriculture

Agriculture and food processing are major contributors to the City's economy and the County for many years has led the nation in the value of annual agricultural production. Agriculture continues as the leading industry in the County and, through its multiplier effect, had a total economic impact in excess of $3.2 billion each year since 2000. In addition, the City is the major agribusiness, crop processing and shipping center for the eight-county San Joaquin Valley which routinely accounts for about one-half of California's total agricultural production. Table A-21 lists the top leading agricultural crops within the County for the most recent five years for which data is available.

Table A-21
County of Fresno
Ten Leading Crops for Years 2014 to 2018(1)
($ in 000's)

	2014	2015	2016	2017	2018(1)
Almonds	$1,302,866	$1,205,730	$1,201,052	$1,220,082	$1,178,182
Grapes	905,099	896,295	715,428	951,231	1,106,858
Pistachios	378,286	–	255,885	517,043	862,144
Poultry	657,760	561,146	495,021	605,610	596,477
Garlic	202,710	198,800	204,402	–	435,340
Milk	636,534	436,765	384,124	441,214	415,812
Cattle and Calves	574,875	551,989	424,875	423,819	392,235
Onions	–	–	–	–	370,384
Tomatoes	524,349	520,146	409,019	295,092	324,508
Mandarins	–	197,622	197,713	427,934	234,969
Peaches	193,114	224,597	221,519	211,639	–
Oranges	–	153,811	–	203,505	–
Cotton	135,089	–	–	–	–
TOTAL TEN LEADING CROPS	5,510,682	4,946,901	4,509,038	5,297,169	5,916,909
Other Crops	1,529,179	1,719,014	1,678,881	1,730,855	1,970,675
TOTAL	$7,069,436(2)	$6,665,915(2)	$6,187,919(2)	$7,028,024	$7,887,584
Percent Change	–	(5.7)%	(7.2)%	13.6%	12.2%

(1) Most recent annual data available.
(2) Revised.
Source: Fresno County Department of Agriculture.

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-22 presents the latest available personal income data for the County, the State and the nation for the calendar years 2015 through 2018 (the most recent annual data available).

Table A-22
County of Fresno
Personal Income
Calendar Years 2015 through 2019†

Year and Area	Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2019		
County	N/A	N/A
State	$2,633,926	$66,661
United States	18,599,062	56,663
2018		
County	42,841	43,084
State	2,514,129	63,557
United States	17,813,035	54,446
2017		
County	40,583	41,137
State	2,370,112	60,156
United States	16,870,106	51,885
2016		
County	39,438	40,327
State	2,263,890	57,739
United States	16,111,636	49,870
2015		
County	38,551	39,725
State	2,171,947	55,758
United States	15,709,242	48,978

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

Construction Activity

In Fiscal Year [2018-19], the City issued construction permits valued in excess of $943.1 million. Of the total dollar volume in Fiscal Year 2018-19, approximately 60.9% were issued in connection with residential projects. Building permit valuations for the last 10 Fiscal Years is summarized in Table A-23.

Table A-23
City of Fresno
Building Permit Valuation
Fiscal Years [2009-10 through 2018-19(1)]
[When will 2019-20 data be available?]

		Construction Permits Issued			
		Commercial		Residential	
Fiscal Year	Assessed Value(2)	Number of Permits(3)	Value(2)	Number of Units(3)	Value(2)
2009-10	$28,552,849	1,174	$103,795	3,557	$208,354
2010-11	28,034,081	1,133	101,817	3,276	184,794
2011-12	27,327,299	1,830	105,757	6,499	208,283
2012-13	26,957,486	1,756	147,581	7,167	315,456
2013-14	28,203,427	1,835	159,481	7,931	398,348
2014-15	30,082,476	1,878	148,317	9,084	377,142
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	________	____	______	_____	______

[(1) Most recent annual data available.]
(2) Amounts expressed in thousands.
(3) Includes individual units and structures as appropriate-a composite of new construction, repairs and relocations.
Sources: County of Fresno Assessors Office for Assessed Value and the City of Fresno Development Department for all other information.

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-7–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 is under construction of Contract Package 1 which extends north of Fresno into Madera County, and south of the city limits into southern Fresno County. A station is planned in Downtown Fresno but design has not yet begun. The current construction packages will result in ten new grade-separated railroad crossings within the City of Fresno, improving safety and reducing congestion. The Initial Operating Segment from Merced to Kern County is currently planned for operation as soon as 2025. The Statewide plan features an eventual connection from San Francisco to Los Angeles with a station in Downtown Fresno, with parking facilities and connections to the City's Bus Rapid Transit system.

Airports. The Fresno Yosemite International Airport (the "Airport") is located approximately 7.5 miles northeast of the downtown area on approximately 1,728 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. See also "–FINANCIAL INFORMATION–Impact of COVID-19."

There are four military operation areas located at the Airport: the California Air National Guard, which operates from two areas, the California Army National Guard and the U.S. Marine Corps Reserve.

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 16 fixed-route bus lines and paratransit service.

Education and Community Services

Public school education is provided by the Fresno Unified School District's 68 elementary schools, 14 middle schools, 14 senior high schools (including two continuation high schools), one special education schools; one alternative school, one adult school, and five charter schools. With more than 73,249 students enrolled during Fiscal Year 2018-19, 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 24,360 full-time and part time-students for Fiscal Year 2018-19. The College District is headquartered in the City, adjacent to the campus. The College District is constructing 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 will offer automotive repair, industrial mechanics, construction, and fire technology programs. The second phase is under construction and expected to open in late 2022/early 2023.

The approximately 327-acre California State University, Fresno ("Fresno State") main campus and the 1,083-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 21,300 full-time equivalent students for Fiscal Year 2018-19.

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 the Grizzlies, the triple-A affiliate of the Washington Nationals, is located in downtown Fresno.

The City's Parks, Recreation and Community Services Department maintains approximately 1,393 acres of parkland, including 66 regional, neighborhood, and pocket parks; and a sports complex/regional park that was constructed on a former landfill site; eight public swimming pools; 39 tennis courts; and two municipal 18-hole golf courses. The City-owned Chaffee Zoological Gardens located in Roeding Park, is the third largest zoo in the State. A variety of recreational facilities are available within the City park system, including a senior citizens center, eight skate parks, a 30,000 square foot bike park, 12 neighborhood centers, a gymnasium, a facility for large meetings and activities, and seven community centers. In addition, the City is located approximately a 90 minute drive from each of Yosemite, Kings Canyon and Sequoia National Parks.

Local news coverage is provided by the *Fresno Bee* which is published six days a week, six television stations, and several radio stations and online sites.

APPENDIX B

CITY OF FRESNO, CALIFORNIA, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[To Come]

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 $___,___,000 Fresno Joint Powers Financing Authority Lease Revenue Bonds (Master Lease Projects), Series 2020A (the "Series 2020A Bonds"). The Series 2020A Bonds are being issued pursuant to a Master Trust Agreement dated as of April 1, 2008 (the "Master Trust Agreement"), as previously amended and supplemented, including as further amended and supplemented by the Fourth Supplemental Trust Agreement, dated as of October 1, 2020 (the "Fourth Supplemental Trust Agreement"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2020A 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 August 1, 2008 (the "Master Sublease"), as previously amended and supplemented, including as further amended and supplemented by the Fourth Amendment to Master Facilities Sublease dated as of October 1, 2020, 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 2020A 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 2020A Bonds (including persons holding Series 2020A 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, 2021.

"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 offering memorandum 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 2020A Bonds, or, if the Series 2020A Bonds are registered in the name of 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 _________, 2020 relating to the 2020A Bonds.

"*Participating Underwriter*" shall mean the original underwriter of the Series 2020A Bonds required to comply with the Rule in connection with offering of the Series 2020A 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 Repositories, 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 Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository 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 schedules for the outstanding Series 2020A 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 2020 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 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 Table A-1A–"General Fund Balance Sheet," Table A-1B–"General Fund Revenues and Expenditures and Changes in Fund Balances," Table A-3–"Assessed Value of Taxable Property," Table A-5–"Principal Secured Taxable Property Owners by Valuation," Table A-6–"Property Tax Levies and Collections," Table A-7–"Taxable Retail Sales," Table A-10A–"Fire and Police System–Schedule of Funding Progress," Table A-10B–"Employees' Retirement System–Schedule of Funding Progress," Table

A-11A–“Fire and Police Retirement System–Schedule of Employer Contributions,” Table A-11B–“Employees Retirement System–Schedule of Employer Contributions,” Table A-14A–“Long-Term General Fund Obligations,” Table A-15–“Direct and Overlapping Debt Statement,” and Table A-23–“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 2020A 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 2020A Bonds, or other material events affecting the tax status of the Series 2020A Bonds;

7. Modifications to rights of the 2020 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 2020A 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 Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the 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 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)(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(c).

(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 in a proceeding under the United States Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, 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.

(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 2020A Bonds and the nine-digit CUSIP numbers for the Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds, and shall create no rights in any other person or entity.

Date: ________, 2020

CITY OF FRESNO

By:________________________________
Treasurer and Controller

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Fresno Joint Powers Financing Authority
Name of Bond Issue:	Fresno Joint Powers Financing Authority Lease Revenue Bonds (Master Lease Projects), Series 2020A
Date of Issuance:	_______, 2020

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 2020A Bonds and Section __.08 of the Master Sublease dated as of October 1, 2020 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 2020A Bonds, payment of principal, interest and other payments on the Series 2020A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2020A 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 2020A Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Series 2020A 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 2020A Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2020A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2020A 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 2020A 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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