

2:00 pm # 30
6/24/10

CITY OF FRESNO
City Clerk's Office (Original)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fixed Rate Note for Series 2010-A Certificates

BORROWER:

CITY OF FRESNO, CALIFORNIA

NOTE NO. **B-99-MC-06-0001**

REGISTERED HOLDER:

DATE:

THE BANK OF NEW YORK MELLON

AGGREGATE PRINCIPAL

AMOUNT: **\$900,000**

For value received, the undersigned, the **CITY OF FRESNO** (the "Borrower," which term includes any successors or assigns), a public entity or agency organized and existing under the laws of the State (or Commonwealth, if applicable) of **CALIFORNIA**, promises to pay to the order of **THE BANK OF NEW YORK MELLON**, as Registered Holder (the "Holder," which term includes any successors or assigns), the Principal Amounts set forth on the attached Schedule P&I as of each applicable Principal Due Date set forth therein, together with interest on such unpaid Principal Amounts at the rates applicable thereto as specified on such attached Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below. The Holder is acting hereunder on behalf of a trust (the "Trust") created pursuant to a Trust Agreement by and between the Secretary of Housing and Urban Development (the "Secretary") and Chemical Bank (now known as The Bank of New York Mellon), as trustee (the "Trustee"), dated as of January 1, 1995, as amended (the "Trust Agreement"), as supplemented by the applicable Supplement to the Trust Agreement, by and between the Secretary and the Trustee.

A. Principal and Interest

Interest on a Principal Amount of this Note that is due as of a given date specified on the Schedule P&I attached hereto (such date, the "Principal Due Date" for such Principal Amount) shall accrue at the per annum rate specified on such Schedule P&I from (and including) the date hereof to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. The aggregate of the interest amounts accrued on the entire unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each, an "Interest Due Date"), commencing on

February 1, 2011, until the Aggregate Principal Amount listed on the Schedule P&I attached to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

B. Optional Redemption

Certain Principal Amounts indicated as being eligible for Optional Redemption on the Schedule P&I hereto may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such Schedule (an "Optional Redemption"). In order to elect an Optional Redemption of a redeemable Principal Amount, the Borrower shall give notice of its intention to redeem a Principal Amount to the Trustee and the Secretary not less than 60 days nor more than 90 days prior to the Interest Due Date as of which the Borrower intends to redeem the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on such Schedule may not be prepaid.

C. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York, New York, are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, between the Secretary and the Borrower, the designated public entity named therein (if applicable), or the State named therein (if applicable), which refers to and incorporates this Note by the number hereof.

D. Borrower's Timely Payment to Trustee

Notwithstanding anything contained in this Note, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payments, directly to the Trustee on the seventh Business Day prior to the appropriate Interest Due Date, Principal Due Date or date of Optional Redemption, as applicable.

E. Interest on Late Payments

If a payment of principal or interest herein provided for has not been duly received by the Holder from either the Borrower or the Secretary by the close of business on the applicable Interest Due Date or Principal Due Date, interest shall accrue on the amount of such payment at the applicable interest rate or rates payable on this Note, from the relevant due date until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the

Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

F. Applicability of Fiscal Agency Agreement and Trust Agreement

This Note and payments made hereunder shall be administered pursuant to the terms of the Trust Agreement and are subject to such agreement. The terms and provisions of the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. Capitalized terms not defined in this Note shall have the meanings ascribed to them in Trust Agreement. The Amended and Restated Master Fiscal Agency Agreement dated as of May 17, 2000, between the Secretary and The Chase Manhattan Bank (now known as The Bank of New York Mellon), as Fiscal Agent (the "Fiscal Agency Agreement") provides for JPMorgan Chase Bank, acting as Fiscal Agent to perform certain duties, including the duties of registrar for this Note until this Note is canceled or a new registrar appointed in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of paying agent and collection agent for this Note until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and the Trustee shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

G. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and of interest on the applicable Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

H. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due to the Trustee hereunder. On any Interest Due Date on or after the first permissible Optional Redemption Date, if either (i) a Borrower defaults on the payment of any interest or Principal Amount when due or (ii) the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph, then the Secretary may, but is not obligated to, make an acceleration payment to the Trustee equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such Interest Due Date.

The Secretary shall give notice of such payment on the fourteenth Business Day preceding such Interest Due Date and shall make such payment on the seventh Business Day preceding such Interest Due Date. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 CFR § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

I. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

J. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder or Trustee, including Guarantee Payments.

K. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

L. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

M. Borrower Specific Provisions

Proceeds of this Note shall be used solely for the purpose of refinancing through defeasance funds advanced under previous Note(s) having the same Note number.

[Remainder of Page Intentionally Left Blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

CITY OF FRESNO, CALIFORNIA

BORROWER

BY: 
(Signature)

Joe Gray

(Name)

City Controller

(Title)

ATTEST:
REBECCA E. KLISCH
City Clerk

By:  7/1/10
Deputy

APPROVED AS TO FORM:
JAMES C. SANCHEZ
City Attorney

By: 
Mark J. Gleason, Deputy

Dated: 6/18/10

SCHEDULE P&I

Note No. **B-99-MC-06-0001**

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$ 75,000	August 1, 2011			X
80,000	August 1, 2012			X
85,000	August 1, 2013			X
90,000	August 1, 2014			X
100,000	August 1, 2015			X
105,000	August 1, 2016			X
110,000	August 1, 2017			X
120,000	August 1, 2018			X
135,000	August 1, 2019			X
	August 1, 2020			X
	August 1, 2021		X	
	August 1, 2022		X	
	August 1, 2023		X	
	August 1, 2024		X	
	August 1, 2025		X	
	August 1, 2026		X	
	August 1, 2027		X	
	August 1, 2028		X	
	August 1, 2029		X	
	August 1, 2030		X	

\$900,000 = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2021, for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2020.



James C. Sanchez
City Attorney

June

Secretary of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Re: City of Fresno

Ladies and Gentlemen:

Our office, which is comprised of practicing attorneys who practice law in the State of California, has been retained by the City of Fresno (the "Borrower"). As such, we have represented the Borrower in connection with a Note referred to as Note No. B-99-MC-06-0001 ("Note"), to be executed by Borrower payable to the Secretary of Housing and Urban Development, and to be guaranteed by the Secretary of Housing and Urban Development pursuant to section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5308 ("Section 108"). The Note will be included in a trust created by HUD (together with other Section 108 Notes issued by other borrowers), and trust certificates based on the trust will be sold in the Series 2010-A public offering by the underwriters selected by HUD. HUD's guarantee of the Note will be governed by the Contract for Loan Guarantee Assistance under Section 108 between the Borrower and HUD (the "Contract"), in which the Borrower pledges Community Development Block Grants pursuant to 24 CFR 570.705(b) (2), as well as any other security specified in the Contract, as security for HUD's guarantee.

Copies for your files

In our capacity as legal counsel, we have made an examination and investigation of all such matters of fact and questions of law as we consider necessary or advisable to enable us to render the opinion hereafter set forth. Specifically, and without limiting the generality of the foregoing, we have examined:

1. A Resolution of the governing body of Borrower dated June 24, 2010, authorizing Borrower to enter into this transaction, and authorizing the City Controller, Joe Gray, or his designee, to execute on behalf of Borrower all documents necessary or desirable to accomplish the transaction.
2. The Contract
3. The Note
4. The Amended and Restated Master Fiscal Agency Agreement dated as of May 17, 2000, the Trust Agreement dated as of January 1, 1995, and the form of Supplement to

the Trust Agreement to be executed by the Secretary of HUD for the closing of the public offering.

Based on the foregoing investigation and authorities, we are of the opinion that:

1. Borrower has authorized in accordance with applicable State and local law, the transaction, including issuance of the Note, the pledge of grant funds, and the execution of all documents necessary or desirable to accomplish the transaction.

2. Borrower has authorized Joe Gray, in his capacity as City Controller, to execute the Contract, the Note and all other documents necessary or desirable to accomplish the transaction.

3. The Note and the Contract have been duly executed by the aforementioned authorized representative of the Borrower, and upon delivery thereof, due execution of the Contract and Guarantee on behalf of HUD, and receipt of the loan proceeds on behalf of the Borrower, the Note and Contract shall be valid, binding and enforceable obligations of the Borrower.

4. The pledge of present and future Community Development Block Grants by the Borrower pursuant to 24 CFR 570.705(b)(2) and the Contract is valid.

5. There is no outstanding, or to our knowledge threatened, action, suit, proceeding, investigation or litigation by or against the Borrower that will affect the validity of the Note or the security therefor.

Very truly yours,

CITY OF FRESNO
CITY ATTORNEY'S OFFICE

By: 
Mark J. Gleason, Deputy City Attorney

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fixed Rate Note for Series 2010-A Certificates

BORROWER:

CITY OF FRESNO, CALIFORNIA

NOTE NO. B-94-MC-06-0001-A

REGISTERED HOLDER:

DATE:

THE BANK OF NEW YORK MELLON

AGGREGATE PRINCIPAL

AMOUNT: \$1,550,000

For value received, the undersigned, the CITY OF FRESNO (the "Borrower," which term includes any successors or assigns), a public entity or agency organized and existing under the laws of the State (or Commonwealth, if applicable) of CALIFORNIA, promises to pay to the order of THE BANK OF NEW YORK MELLON, as Registered Holder (the "Holder," which term includes any successors or assigns), the Principal Amounts set forth on the attached Schedule P&I as of each applicable Principal Due Date set forth therein, together with interest on such unpaid Principal Amounts at the rates applicable thereto as specified on such attached Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below. The Holder is acting hereunder on behalf of a trust (the "Trust") created pursuant to a Trust Agreement by and between the Secretary of Housing and Urban Development (the "Secretary") and Chemical Bank (now known as The Bank of New York Mellon), as trustee (the "Trustee"), dated as of January 1, 1995, as amended (the "Trust Agreement"), as supplemented by the applicable Supplement to the Trust Agreement, by and between the Secretary and the Trustee.

A. Principal and Interest

Interest on a Principal Amount of this Note that is due as of a given date specified on the Schedule P&I attached hereto (such date, the "Principal Due Date" for such Principal Amount) shall accrue at the per annum rate specified on such Schedule P&I from (and including) the date hereof to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. The aggregate of the interest amounts accrued on the entire unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each, an "Interest Due Date"), commencing on

February 1, 2011, until the Aggregate Principal Amount listed on the Schedule P&I attached to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

B. Optional Redemption

Certain Principal Amounts indicated as being eligible for Optional Redemption on the Schedule P&I hereto may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such Schedule (an "Optional Redemption"). In order to elect an Optional Redemption of a redeemable Principal Amount, the Borrower shall give notice of its intention to redeem a Principal Amount to the Trustee and the Secretary not less than 60 days nor more than 90 days prior to the Interest Due Date as of which the Borrower intends to redeem the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on such Schedule may not be prepaid.

C. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York, New York, are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, between the Secretary and the Borrower, the designated public entity named therein (if applicable), or the State named therein (if applicable), which refers to and incorporates this Note by the number hereof.

D. Borrower's Timely Payment to Trustee

Notwithstanding anything contained in this Note, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payments, directly to the Trustee on the seventh Business Day prior to the appropriate Interest Due Date, Principal Due Date or date of Optional Redemption, as applicable.

E. Interest on Late Payments

If a payment of principal or interest herein provided for has not been duly received by the Holder from either the Borrower or the Secretary by the close of business on the applicable Interest Due Date or Principal Due Date, interest shall accrue on the amount of such payment at the applicable interest rate or rates payable on this Note, from the relevant due date until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the

Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

F. Applicability of Fiscal Agency Agreement and Trust Agreement

This Note and payments made hereunder shall be administered pursuant to the terms of the Trust Agreement and are subject to such agreement. The terms and provisions of the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. Capitalized terms not defined in this Note shall have the meanings ascribed to them in Trust Agreement. The Amended and Restated Master Fiscal Agency Agreement dated as of May 17, 2000, between the Secretary and The Chase Manhattan Bank (now known as The Bank of New York Mellon), as Fiscal Agent (the "Fiscal Agency Agreement") provides for JPMorgan Chase Bank, acting as Fiscal Agent to perform certain duties, including the duties of registrar for this Note until this Note is canceled or a new registrar appointed in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of paying agent and collection agent for this Note until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and the Trustee shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

G. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and of interest on the applicable Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

H. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due to the Trustee hereunder. On any Interest Due Date on or after the first permissible Optional Redemption Date, if either (i) a Borrower defaults on the payment of any interest or Principal Amount when due or (ii) the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph, then the Secretary may, but is not obligated to, make an acceleration payment to the Trustee equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such Interest Due Date.

The Secretary shall give notice of such payment on the fourteenth Business Day preceding such Interest Due Date and shall make such payment on the seventh Business Day preceding such Interest Due Date. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 CFR § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

I. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

J. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder or Trustee, including Guarantee Payments.

K. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

L. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

M. Borrower Specific Provisions

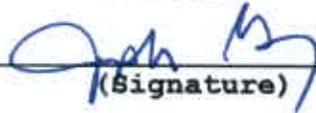
Proceeds of this Note shall be used solely for the purpose of refinancing through defeasance funds advanced under previous Note(s) having the same Note number.

[Remainder of Page Intentionally Left Blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

CITY OF FRESNO, CALIFORNIA
BORROWER

BY:


(Signature)

Joe Gray
(Name)

City Controller
(Title)

ATTEST:
REBECCA E. KLISCH
City Clerk

By: Cindy Brewer 7/1/10
Deputy

APPROVED AS TO FORM:
JAMES C. SANCHEZ
City Attorney

By: 
Mark J. Gleason, Deputy

Dated: 6/18/10

SCHEDULE P&I

Note No. . **B-94-MC-06-0001-A**

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$ 175,000	August 1, 2011			X
190,000	August 1, 2012			X
205,000	August 1, 2013			X
220,000	August 1, 2014			X
235,000	August 1, 2015			X
255,000	August 1, 2016			X
270,000	August 1, 2017			X
	August 1, 2018			X
	August 1, 2019			X
	August 1, 2020			X
	August 1, 2021		X	
	August 1, 2022		X	
	August 1, 2023		X	
	August 1, 2024		X	
	August 1, 2025		X	
	August 1, 2026		X	
	August 1, 2027		X	
	August 1, 2028		X	
	August 1, 2029		X	
	August 1, 2030		X	

\$1,550,000 = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2021, for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2020.



REPORT TO CITY COUNCIL

AGENDA ITEM NO. 2:00pm #3 D
COUNCIL MEETING 06/24/2010

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

[Handwritten signatures]

Date June 24, 2010

From: JOE GRAY, City Controller *[Signature]*
Finance Department

PHILLIP HARDCASTLE, Principal Accountant
Debt Administration/Finance Department *[Signature]*

Presented to City Council
Date 6/24/10
Disposition Rec'd 2010-136

SUBJECT: RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA AUTHORIZING AND APPROVING THE REFINANCING OF TWO U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 108 LOANS FOR THE SOLE PURPOSE OF ACHIEVING INTEREST SAVINGS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE PROMISSORY NOTES, THE CONTRACTS FOR LOAN GUARANTEE ASSISTANCE, AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE REFINANCINGS.

RECOMMENDATION

Staff recommends that the Council approve the accompanying Resolution and authorize the City Controller to execute the appropriate documents, including Notes, Contracts, and other documents as necessary to refinance two existing HUD Section 108 loans. The refinancing is being pursued for the sole purpose of taking advantage of favorable current lower interest rates in order to reduce annual debt service on the loans.

EXECUTIVE SUMMARY

Staff is requesting that Council approve necessary documents needed in order to refinance two existing HUD Section 108 loans with aggregate outstanding balances of \$2.45 million. The City was presented with this opportunity by the U.S. Department of Housing and Urban Development (HUD) in Mid-May. Currently rates are between 6.31% and 7.958%. Refinancing at this time could produce rates somewhere between 0.5% and 4%, or an average annual savings of \$58,000.

BACKGROUND

In 1995, the City of Fresno assisted then Fresno Regional Medical Center with financing for an expansion of their facility for the purpose of serving a growing population of citizens in Fresno. The City borrowed \$3 million to be used on this expansion. The balance is currently \$1,715,000 with \$165,000 due on August 1, 2010. Average annual debt service is approximately \$280,000 and will be paid off on August 1, 2017. Interest rates range between 6.78% and 7.13%.

In 1999, the City of Fresno assisted the Fresno/Madera Area Agency on Aging (FMAAA) with financing for the renovation of the old Sierra Hospital into offices for the FMAAA so they could better serve the

REPORT TO THE CITY COUNCIL

Resolution of the Council of the City of Fresno, California Authorizing and Approving the Refinancing of HUD Section 108 Loans for the Sole Purpose of Achieving Interest Savings

July 21, 2010

Page 2

elderly of the metropolitan area. The City borrowed \$1.5 million to be used on this renovation. The balance is currently \$970,000 with \$70,000 due on August 1, 2010. Average annual debt service is approximately \$140,000 per year and will be paid off on August 1, 2019. Interest rates range between 7.448% and 7.958%.

HUD has provided information to Staff indicating that these loans can be refinanced at rates between 0.5% and 4%. If these rates can be achieved, the City could save as much as \$58,000 per year through 2017 and another \$24,000 per year through 2019.

FISCAL IMPACT

Approving the Resolution would authorize Staff to begin the process of refinancing of two HUD Section 108 loans. Refinancing these loans will provide savings of approximately \$58,000 annually through FY2017 and \$24,000 annually through FY2019. The savings will benefit the Community Development Block Grant Fund as it is this Fund that backs the HUD Section 108 Loans.

Attachments:

- Resolution
- Note Certificates
- Contracts