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Comprehensive  
Annual  
Debt  
Report

FISCAL YEAR 2017





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## **Overview**

This section of the report provides an overview of the Debt Management Program, Debt Management Policies, Rating Agency Relations and Credit Maintenance, Composition of the Debt Financing Team, and Trustee activity during the year.

The City has a variety of financing tools at its disposal, with each one having its own benefits that may work best for a particular financing. Short-term debt options include Tax and Revenue Anticipation Notes, Commercial Paper, Bond Anticipation Notes and Lines of Credit. Long-term debt options included voter approved General Obligation Bonds, Revenue Bonds, Loans and Capital Leases. Each tool is discussed in detail in the City's Debt Management Policies. The Annual Debt Report does not include discussions on City's obligation for pension and other postemployment benefits.

### **A. Debt Management Program**

Debt Management, a section within the Finance Department, is responsible for managing both the debt issuance process and subsequent debt administration for all City borrowings. This section of the report provides an overview of debt issuance in FY 2017, the debt program work plan in FY 2018, debt administration, debt management projects that have been completed, are currently underway, or are planned for FY 2018.

#### **1. Debt Issued During FY2017**

On July 19, 2016, the City entered into a 30-year agreement to borrow \$65,875,669 from the California State Water Resources Control Board for construction of a pipeline from Kings River to the Southeast Water Treatment Facility. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2017, the City has received \$9,120,622 in proceeds. The note will be funded from revenues of the Water Enterprise.

On August 23, 2016, the City entered into a 30-year agreement to borrow \$75,900,000 from the California State Water Resources Control Board for construction of regional transmission mains to transport water from facilities throughout the City. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of

June 30, 2017, the City has received \$12,068,369 in proceeds. The note will be funded from revenues of the Water Enterprise.

On October 2, 2016, the City paid off the remaining 2002 Judgment Obligation Bonds. A portion of the settlement property was sold, resulting in a surplus that was required to be used to pay down the bonds.

On November 3, 2016, the City Council gave its approval to transfer \$116 million of surplus Sewer revenues into an escrow that may be used to defease a large portion of the 2008 Sewer revenue bonds when they become callable on September 1, 2018. Funds were deposited with Bank of New York Mellon Trust Company on March 27, 2017 and immediately invested into Treasury Notes to secure an interest rate of earnings at 1% per year. It is anticipated that on September 1, 2018, the City will be able to redeem \$117,790,000 in bonds, thereby reducing debt service by \$10 million per year.

On January 13, 2017, the City entered into a Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp. The term of the Agreement is the earlier of three years or the borrowing of an aggregate \$25 million. Funds from this agreement will be used to acquire vehicles and equipment needs of the City over the next three years.. No debt is incurred by entering into a Master Lease until an item is purchased and paid for by the lender. The Master Lease is simply a mechanism to provide for financing once authority to purchase and authority to finance has been established by the City Council. As of June 30, 2017, the City has entered into three lease schedules totaling \$7,406,139 to fund fire and police vehicles that were budgeted for financing in the Fiscal Year 2017 Adopted Budget.

At a meeting of the Fresno Joint Powers financing Authority (JPFA) on April 6, 2017, Resolution JPFA-41 was approved by the JPFA Board authorizing the issuance of lease-revenue bonds to refinance any bonds that were callable or advance-refundable and produced savings, even if it meant redeeming one project in part because there was a non-callable portion that could not be redeemed. The Resolution authorized the officers and directors to take all necessary and convenient actions in connection with the refinancing including escrowing funds until the next redemption date. On May 10, 2017, the City issued \$146.28 million in lease-revenue bonds to refinance several existing lease-revenue bonds for economic savings. \$165.87 million in lease-revenue bonds were refunded through this transaction, with \$17 million in premiums used to pay down some of the retired bonds. In addition, bond reserves from the refunded bonds were applied to redeeming bonds and a surety policy was issued on the new bonds in lieu of a funded reserve. The 2008 and 2009 Lease-Revenue Bonds were advance-refunded due to having call dates more than 90 days after the refunding. By taking these measures, the City was able to reduce debt service by an average \$1.9 million per year over the next 22 years with direct savings to the General

Fund averaging \$1.2 million per year. The transaction resulted in an economic gain of \$21.87 million and a reduction of \$41.95 million in future debt service.

FY 2017 debt issuance totaled \$274.7 million, composed of equipment lease purchases of \$7.4 million for police and fire vehicles and equipment placed directly with Banc of America Public Capital Corp., computer lease purchases of \$200,000 placed directly with Dell Financial Services, \$100.5 million drawn down from the Drinking Water State Revolving Loan Fund for the various loans to the Water Division from the California State Water Resources Control Board, \$20.3 drawn down from the Clean Water State Revolving Loan Fund for the two loans to the Sewer Division from the California State Water Resources Control Board, and \$146.3 million in Lease Revenue Bonds issued to refinance existing debt.

## **2. Debt Program Work Plan for FY2018**

New Bonds - Debt Management staff continues to look at existing debt to find opportunities to save interest expense. At the time of this publication, there is no plan to issue new bonds.

New Loans - Debt Management staff continues to assist Water Division staff with a detailed review of the documentation relating to the loans that may be issued in FY2018.

New Leases - The City has budgeted for new lease payments in Fiscal Year 2018 totaling \$564,300 to fund an approximate \$4.5 million in vehicles and generators from the Master Equipment Lease Purchase Agreement with Banc of America, and \$2,200 to fund approximately \$6,000 for computers from the Master Lease Purchase Agreement with Dell Financial Corporation.

Sewer 2008 Bond Defeasance - Debt Management staff continues to work with Wastewater Management staff on the defeasance of the 2008 Sewer Bonds.

### **3. Debt Administration**

After debt has been issued, Debt Management is responsible for administering the debt portfolio. Section I.E of this report, Debt Financing Team, provides a detailed discussion of debt administration tasks performed by Debt Management staff.

**New reporting requirements were established in FY2015 by the California Debt and Investment Advisory Commission (CDIAC) of the California State Department of the Treasury requiring any agency that is increasing debt to file a Report of Proposed Debt Issuance, followed up with a Report of Final Sale. These reporting requirements were codified on September 12, 2016 through California Senate Bill 1029 (SB 1029). In the past, issuers of the original debt instruments were required to file these reports, and borrowers of the debt from the issuer were not required to report. This change makes it imperative that Debt Management staff be involved in any and all loan transactions that the City is considering.**

#### **4. Debt Management Projects**

In addition to debt issuance and administration, Debt Management staff serves in a financial advisory role to other City departments and works on other projects as necessary. Various projects and administration efforts are described on the next pages:

TEFRA Hearings for Conduit Financings - A Tax Equity and Financial Reform Act (TEFRA) hearing is mandated by the IRS to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of bonds and the nature of the improvements and projects for which bond funds will be allocated. The TEFRA hearing is held in the jurisdiction in which the facilities constructed by bond proceeds are located.

A Notice of Public Hearing must be published in the daily newspaper of largest circulation in the project location at least 14 days prior to the hearing date. In addition, the TEFRA hearing must be held prior to approval by the agency issuing the bonds.

The City of Fresno held two TEFRA hearings for conduit financing during FY 2017 and another one within 90 days of the year-end. The City does not issue debt for these projects, but assists other agencies that are formed for this specific type of financing by holding a public hearing to hear public comments regarding the project as required by the Act.

Fruit Avenue Housing Associates, LP applied for a \$38 million bond issuance with California Statewide Communities Facilities Authority (CSCDA) for the purpose of financing the acquisition, rehabilitation, furnishings and equipping of a 366-unit multifamily rental housing project located at 4085 North Fruit Avenue, generally known as the Parks at Fig Garden Apartments. This transaction will assist residents in the Fresno area with affordable housing.

King's Canyon Affordable Housing, LP applied for a \$35 million bond issuance with CSCDA for the purpose of financing the acquisition, construction, furnishing and equipping of King's Canyon Apartments, located at 5070 East Kings Canyon Road. This transaction will assist residents in the Fresno area with affordable housing.

United Health Centers of the San Joaquin Valley applied for an \$18 million bond issuance with California Enterprise Development Authority (CEDA) for the purpose of financing the development, construction, installation, equipping and furnishing of a new headquarters and training facility at 3875 West Beechwood Avenue. This transaction will assist United Health Centers of the San Joaquin Valley in the continuance of quality health care to residents of Fresno and the surrounding service area.

Municipal Continuing Disclosure Cooperation ("MCDC") Initiative - In an effort to address potentially widespread violations of the federal securities laws by municipal



issuers and underwriters of municipal securities in connection with certain representations in bond offering documents regarding compliance with prior continuing disclosure obligations, the U.S. Securities and Exchange Commission (“SEC”) offered settlement terms to issuers and underwriters if they self-report possible violations involving material inaccurate statements relating to prior compliance with continuing disclosure obligations. As background, Rule 15(c) 2-12, which was promulgated by the SEC under the Securities Exchange Act of 1934, requires that before a municipality can issue municipal bonds to investors in a public sale, the bond underwriters must reasonably determine that the issuer or the party responsible for repaying the bonds has undertaken to provide certain updated disclosure information to the Municipal Securities Rulemaking Board (the “MSRB”) after the issuance of the bonds. This information includes annual financial and operating data, audits and notices of certain listed events. In addition, under Rule 15(c) 2-12, final official statements must disclose any material failure to comply with a continuing disclosure undertaking during the previous five years. Typically, the continuing disclosure undertaking is in the form of an agreement or a certificate entered into by the party responsible for repayment of the bonds.

The MCDL spurred underwriters and issuers, including the City, to engage in the detailed review of continuing disclosures filings made to the market through electronic/web-based dissemination sources in order to ascertain whether or not past bond offering documents were accurate in their representation about the completeness and timeliness of continuing disclosures.

Debt Management staff conducted an analysis of the City’s historical compliance with their respective continuing disclosure obligations from Fiscal Year 2006 through Fiscal Year 2013. While the City believes that it is in compliance with all significant limitations, restrictions and covenants, the City missed the 270 day continuing disclosure filing deadline by several days with respect to its Airport 2007, Tax Allocation 2001 and Water 2003 bonds for Fiscal Year 2012. The Continuing Disclosure Certificate requires an Annual Report to be disseminated within 270 days after the end of the City’s fiscal year. The City’s fiscal year ends on June 30<sup>th</sup>. The City disseminated its Annual Report for Fiscal Year 2016 on January 26, 2017.

#### State Revolving Loan Activity

On July 15, 2015, the City entered into a 30-year agreement to borrow \$195,489,000 from the California State Water Resources Control Board for construction of a new surface water treatment facility in southeast Fresno. The interest rate is fixed at 1.663% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is

due semiannually on the amount received by the City through the interest payment date. As of June 30, 2017, the City has received \$81,666,670 in proceeds. The note will be funded from revenues of the Water Enterprise. Once construction is completed, annual debt service is estimated to be \$8,190,836.

On September 14, 2015, the City entered into a 30-year agreement to borrow \$52,475,049 from the California State Water Resources Control Board's Clean Water State Revolving Fund for construction of a recycled water distribution system in the southwest quadrant of the City. The interest rate is fixed at 1.0% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2017, the City has received \$11,884,466 in proceeds. The note will be funded from revenues of the Wastewater Enterprise.

On June 8, 2016, the City entered into a 30-year agreement to borrow \$26,520,000 from the California State Water Resources Control Board for construction of a raw water pipeline to replace the Enterprise Canal as a primary conveyance system for the Northeast Surface Water Treatment Facility. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2017, the City has received \$15,398,386 in proceeds. The note will be funded from revenues of the Water Enterprise.

## **B. Debt Management Policies**

The City Council adopted the Taxpayer Protection Act on December 3, 2009 in order to institute formal debt financial management policies. The Act was amended on February 25, 2010 and revised again on April 6, 2017; with the latest revision updating language and bring the policy into compliance with SB 1029. The Debt Management Policies ("Policies") establish parameters for when and how the City may enter into debt obligations. The Policies permit sufficient flexibility to allow the City to take advantage of opportunities that may arise. Objectives of the Policy are:

- Minimize debt service and issuance costs;
- Provide a scheduling component (planning);
- Maintain access to cost-efficient borrowing;

- Achieve the highest practical credit rating;
- Full and timely repayment of debt;
- Balance use of pay-as-you-go and debt financing;
- Maintain full and complete financial disclosure and reporting; and
- Ensure compliance with applicable State and Federal laws.

The primary goal of the Policies is to achieve the highest practical credit ratings and strive to elevate and maintain those ratings in order to sustain cost-effective access to capital markets. In order to fulfill this goal and these objectives, certain ratios have been identified to quantify the City's performance relative to direct debt. These measurements are as follows:

- Net Direct Debt (tax-supported General Fund debt, net of self-supporting and revenue anticipation debt) to Assessed Value shall not exceed 3%;
- Percentage of Principal on Net Direct Debt Retired in ten years shall average 35%; and
- Net Direct Debt as a percentage of General Fund Appropriation shall be less than 10%.

The table below is an update of the table in Section 6 of the Debt Policies. In addition to this table, an additional quantitative goal stated in the Debt Policies is that the average Percentage of principal on Net Direct Debt Retired in 15 years should be at least 40%. During FY 2017, this percentage was 47.8%% on GF Backed Principal and 53.6% on GF Paid Principal.

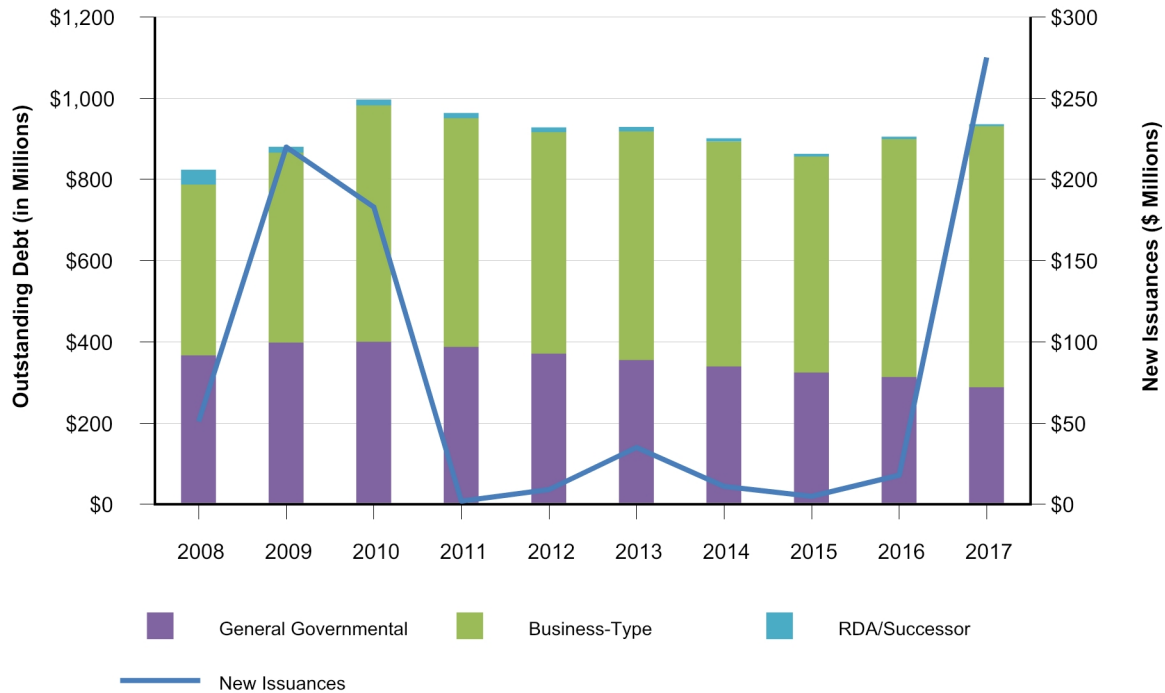
Key Debt Ratios Description/Trend	City of Fresno FY 2017 Debt Ratios
<b>Net Direct Debt to Assessed Property Value %</b> (Favorable Trend=Lower than 3%)	0.04%
<b>% Of Principal Net Direct Debt Retired in Ten Years</b> (Favorable Trend = Greater than 35%)	43.67%
<b>Net Direct Debt Service as % of General Fund Appropriations</b> (Favorable Trend = Less than 10%)	48.49%
	4.43%

### **C. Citywide Debt Service**

The graph on the next page illustrates the size of the City's debt portfolio and the dollar volume of debt issued in each of the last ten years. It should be noted that with the exception of the Utilities Department, the focus has been on paying down debt in the last few years, and not the issuance of new bond debt. Increases in New Issuances between FY 2015 and FY 2017 were due to Water and Sewer Divisions of the Department of Public Utilities borrowing funds from the California State Water Resources Control Board to meet conservation and recycling requirements imposed by the State.

## City Debt Portfolio and Debt Issuance History

*FY 2007-08 through FY 2016-17*



General Governmental includes debt that is not Business-Type (paid out of the Water, Sewer and Airports enterprise funds), but is paid by either the General Fund or under special circumstances, Special Revenue Funds like the Gas Tax Fund specifically designated for the payment of debt service.

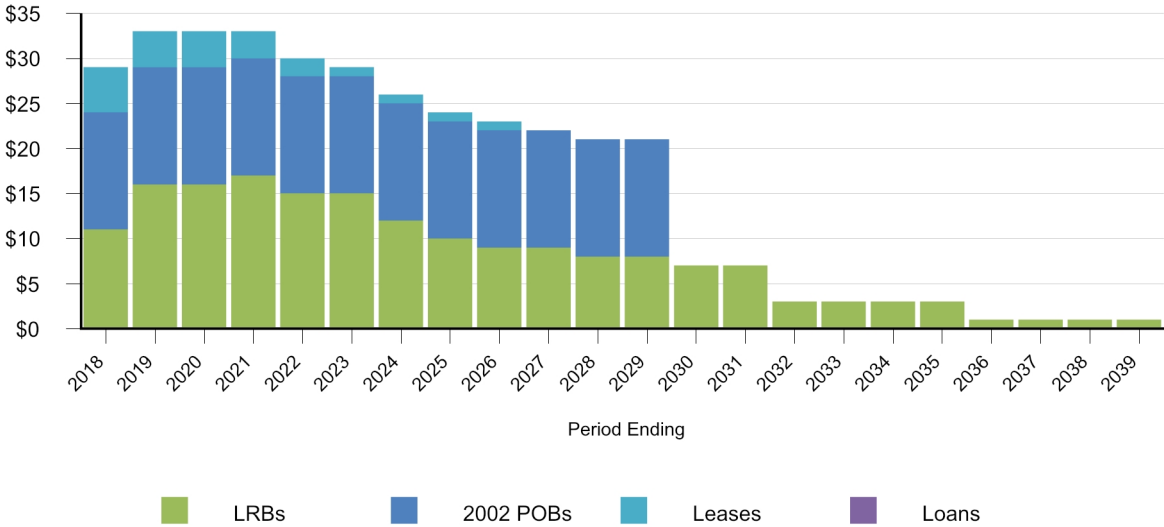
The City of Fresno’s general obligation debt capacity is spelled out in the City charter, Article XII, Section 1213. The capacity is 20% of the assessed valuation of all property within the boundaries of the City of Fresno. The capacity for FY 2017 is calculated as follows:

Assessed valuation as of 06/30/2017	\$32.9 billion
Debt limit	<u>X 20%</u>
City’s Debt Limit	\$ 6.6 billion

The Debt Limit is specifically related to general obligation debt, which is debt that is issued as a result of an election (voter-approved debt). Debt Limit defines voter-approved debt that could legally be outstanding rather than what the City can afford to issue. The City of Fresno has no voter-approved debt. Additionally, as displayed in the chart above, the City has never had total debt outstanding of more than \$1 billion.

As of June 30, 2017, the City had one obligation bond, several Lease Revenue Bonds (LRBs), capital loans and capital leases outstanding that are paid in whole or part by the General Fund. The chart below shows only General Fund debt service:

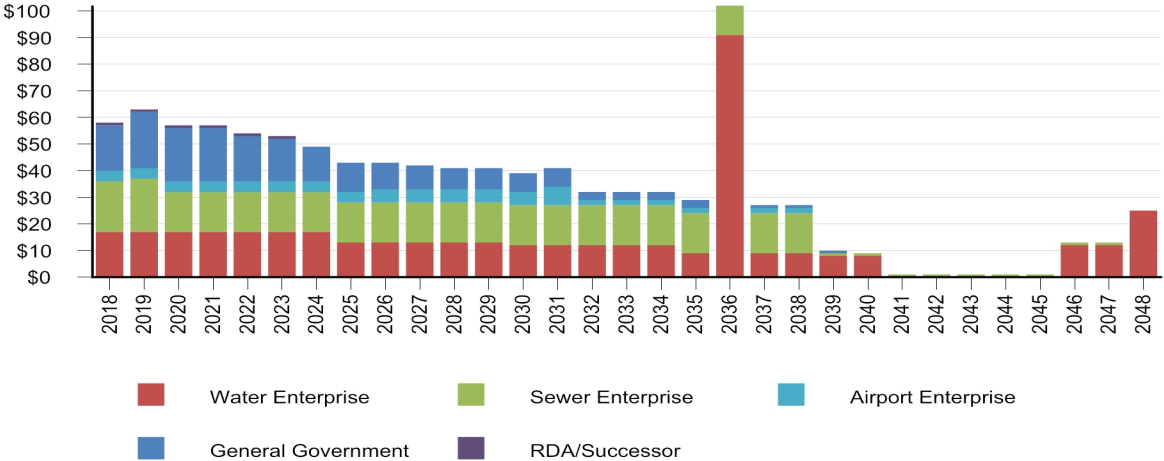
**General Fund Debt Service (in Millions)**



FY 2018 General Fund Debt Service was reduced through the bond refinancing completed in April 2017 by deferring principal payments in order to provide cash funding for a new police substation in southeast Fresno. Paying cash for this facility was much more favorable than borrowing additional funds in order to complete the facility.

The chart below shows all of the City’s debt and the source of funding that backs it:

**Citywide Debt Service (in Millions)**



Payments in 2036 and 2046 through 2048 include new loan principal from the State Water Resources Control Board which have been drawn down in part, but cannot be amortized until after all loan proceeds have been drawn or the project has been deemed complete. In the chart above, they are reflected as due in full at the final maturity date.

**D. Rating Agency Overview/Actions**

The City’s debt is rated by the three primary rating agencies (Moody’s, Standard & Poor’s, and Fitch). Below is a scale of the ratings by each agency:

CATEGORY	MOODY’S	CATEGORY	FITCH/S&P
Strongest	Aaa	Highest	AAA
Very Strong	Aa1, Aa2, Aa3	Very High	AA+, AA, AA-
Above Average	A1, A2, A3	High	A+, A, A-
Average	Baa1, Baa2, Baa3	Good	BBB+, BBB, BBB-
Below Average	Ba1, Ba2, Ba3	Speculative	BB+, BB, BB-
Weak	B1, B2, B3	Highly Speculative	B+, B, B-
Very Weak	Caa1, Caa2, Caa3	High Default Risk	CCC+, CCC, CCC-

The ratings for the City’s General obligation, lease revenue, enterprise debt and the Agency’s tax allocation bonds are summarized in the Appendix. A brief overview of the City’s current general ratings (equivalent to a general obligation bond) is provided in the section below.

Year	Moody’s		S&P		Fitch	
2017	A3	Stable	A+	↑ Stable	A	Stable
2016	A3	Stable	BBB-	Stable	A	↑ Stable
2015	A3	↑ Stable	BBB-	Stable	BBB+	Neg
2014	Baa1	↓ Stable	BBB-	Stable	BBB+	Neg
2013	A3	Neg	BBB-	↓ Stable	BBB+	↓ Neg
2012	A3	↓ Neg	BBB	↓ Neg	A-	↓ Stable
2011	A2	↓ Neg	A	↓ Neg	A	↓ Stable

Arrows indicate an increase (↑) or decrease (↓) from the prior rating.

**E. Debt Financing Team**

The City of Fresno uses several individuals/organizations with expertise in their specific function to manage and administer the debt. Day-to-day administration is completed in-

house by City staff, including the Controller, Assistant Controller, a Principal Accountant in charge of debt administration and an Accountant/Auditor. The Debt Administration section of the Finance Department manages day-to-day activities; including addressing monthly, semi-annual and annual state and federal reporting requirements, reconciling trustee statements, monitoring arbitrage calculations and continuing disclosure, preparing debt sections of the Comprehensive Annual Financial Report, and budgeting for debt.

The City contracts with various banks to provide trustee and paying agent services. Selection of the trustee is done through a Request for Qualifications at the time new debt is being considered. Currently, the City uses Bank of New York Mellon Corporate Trust, Wells Fargo Corporate Trust Services and Zions Bank. Annual reporting requirements such as arbitrage calculations and continuing disclosure requirements are completed by Willdan Financial Services in coordination with the Principal Accountant in charge of debt administration. The City has chosen to use outside entities for arbitrage calculation and continuing disclosure reporting in order to have an experienced third party ensure accuracy and integrity of the reports and calculations.

The issuance of new debt can be very complex with many different areas of expertise needed. So, the City of Fresno has chosen to use financing teams consisting of in-house City staff with expertise relating to the projects which are to be funded, along with Finance Department and City Attorney's Office staff with expertise in their respective fields.

In addition to internal staff, the City engages KNN Public Finance as its expert financial adviser, Orrick Herrington & Sutcliff as its bond counsel, and Schiff Hardin as its disclosure counsel. Underwriters are selected by putting together an underwriting pool through a Request For Qualifications process conducted by the financial adviser. A firm or the firms from that pool which are selected are determined by City staff (with input from the financial adviser) to have the best expertise in the projects that will be financed.

## **F. Trustee Activity**

Trustees provide banking services for debt and act as a conduit between the City of Fresno and their client, the bondholders and/or investors. Debt documentation typically requires that a trustee be selected to hold funds on behalf of the investor in order to ensure that the debt is used for its intended purpose. Although selected and paid for by the City of Fresno, the trustee works for the investors.

On the next page is a list of each trustee and the debt instruments for which they provide services:



41090	Debt Instrument	Fees Paid to Trustee in FY2017	Interest/ Dividends Earned in FY2017
Bank of New York Mellon Corporate Trust	Fresno JPFA 1998 Lease Revenue Bonds 1999 Community Facilities District #4 Fresno JPFA 2001 TARB 2001 Community Facilities District #5 2002 Pension Obligation Bonds Fresno Redevelopment Agency 2003 TARB 2003 Community Facilities District #7 Fresno JPFA 2004 Lease Revenue Bonds Fresno JPFA 2008 Lease Revenue Bonds All City of Fresno Airport Bonds All City of Fresno Sewer Bonds All City of Fresno Water Bonds	\$38,502	\$884,329
Wells Fargo Corporate Trust	Fresno JPFA 2001 Lease Revenue Bonds Fresno JPFA 2006 Lease Revenue Bonds State Water Resources Control Board Loans	\$3,900	\$24,296
Zions Bank	Fresno JPFA 2009 Lease Revenue Bonds	\$0	\$50,055

JPFA = Fresno Joint Powers Financing Authority; TARB = Tax Allocation Revenue Bonds

### G. Investment Activity

While bond funds are held in Trust, the City is encouraged to invest them in a manner that is consistent with the Permitted Investments of the bond transaction and yields a favorable rate of return to maximize proceeds available to the City. Prior to the economic downturn in 2008, Debt Management staff was able to invest in Guaranteed Investment Contracts with various banks that maximized returns at the arbitrage yield on the bonds.

With the downturn in the economy, all of those Guaranteed Investment Contracts were terminated by the banks, and proceeds were invested in money market funds in anticipation of better investments once the economy rebounded.

In February 2014, staff determined that rates were favorable to lock in for periods of one to three years under a ladder approach to investing, allowing for reinvestment in the short-term until rates begin to improve. Staff believes that investing in the long-term at this time would commit the City into low earnings instead of taking advantage of opportunities as rates begin to rise. In November 2014, staff expanded this approach to all previously liquid reserve funds.

During fiscal year 2017, interest was earned from the following instruments:

Guaranteed Investment Contracts - \$605,508.76

Federal Agency Bonds - \$178,401.55

Repurchase Agreements - \$44,759.05

Money Market Funds - \$130,009.79

Earnings on the Federal Agency Bonds went down from the earnings on those instruments in fiscal year 2016 due to the refinancing of several Lease Revenue Bonds. The Lease Revenue Bonds had funded reserves invested in these instruments, but now have an insurance policy in lieu of a funded reserve.

All earnings were used to pay a portion of the debt service on City bonds.

# Debt Detail Report

Below is a schedule of debt outstanding as of June 30, 2017:

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Governmental												
<b>Revenue and Other Bonds</b>												
Judgment Obligation Refunding Bonds 2002	\$5,370,000 tax-exempt	Refund 1994 & 1998 Judgment Obligation Bonds (Blosser Settlement)		05/23/2002	08/15/2017	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. General Fund revenues of \$1,052,059 were equal to debt service in 2017. Paid bonds off on 10/02/2016.	\$—	\$ —	\$ —	\$ —	\$ —	\$ 1,052,059
Taxable Pension Obligation Bonds 2002	\$205,335,000 taxable	Refund 2000 Taxable Pension Obligation Bonds	6.46% to 6.55%	02/21/2002	06/01/2029	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. City uses funds throughout the City based on full-time employees assigned to funds. For the General Fund, the City uses dedicated Property Tax Override (PTO) revenue first, and then other General Fund revenues to make its portion of the bond payment. Other citywide revenues make up the difference between total debt service and the General Fund portion. During 2017 \$11,750,157 of PTO revenue was used. In addition to PTO revenue, \$946,008 of General Fund and \$3,496,396 of Enterprise Fund/Internal Service Fund revenues were used to make the 2017 debt service payment of \$16,192,561.	\$7,595,000 to \$15,195,000	131,840,000	—	131,840,000	194,282,140	16,192,561
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A&B, No Neighborhood Left Behind (NNLB)	A = \$11,010,000 tax-exempt; B = \$1,940,000 taxable	Refinance No Neighborhood Left Behind Projects	1.95% to 5.00%	05/10/2017	04/01/2023	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$5,000 to \$2,830,000	14,312,009	(1,362,009)	12,950,000	15,367,535	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2008 A, No Neighborhood Left Behind (NNLB)	A = \$38,210,000 tax-exempt	Refund 2005A Lease Revenue Bonds (No Neighborhood Left Behind Project)	5.25%	04/29/2008	04/01/2018	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,514,175 was equal to debt service in 2017. \$15,285,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$2,630,000	2,648,858	(18,858)	2,630,000	2,768,075	3,514,175
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Chiller) 2017 A, City Hall Chiller	A = \$2,710,000 tax-exempt	Refinance City Hall Chiller	5.00%	05/10/2017	04/01/2024	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$610,000 to \$2,100,000	3,190,417	(480,417)	2,710,000	3,613,321	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Chiller) 2008 E, City Hall	E = \$3,405,000 tax-exempt	Replace City Hall chiller		08/14/2008	04/01/2024	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments under Facility Lease. Principal due annually, interest due semiannually. Lease revenue of \$155,680 was equal to debt service in 2017. \$3,405,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$—	—	—	—	—	155,680
Fresno Joint Powers Financing Authority: Lease Refunding 2017 A&B, City Hall, Garage #7, Bee Bldg & Granite Park	A = \$10,125,000 tax-exempt; B = \$21,980,000 taxable	Refinance City Hall, Parking Garage #7, Fresno Bee Building and Granite Park	1.95% to 5.00%	05/10/2017	04/01/2031	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$1,645,000 to \$3,565,000	32,897,543	(792,543)	32,105,000	40,693,400	—
Fresno Joint Powers Financing Authority: Lease Refunding, Bee Building & Granite Park	A = \$25,450,000 tax-exempt; B = \$21,045,000 taxable	Refinance and Improvements to City Hall & Parking Garage #7 and to acquire the Fresno Bee Building and Granite Park		06/04/2010	02/01/2031	(Bank of America Public Capital Corp. - Private Placement) Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$4,633,379 was equal to debt service in 2017. \$32,105,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$—	—	—	—	—	4,633,379

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Various Capital Projects	A = \$12,435,000 tax-exempt	Refinance Various Capital Improvement Projects	5.000%	05/10/2017	04/01/2035	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$40,000 to \$1,785,000	\$ 14,303,909	\$ (1,868,909)	\$ 12,435,000	\$ 20,050,394	\$ —
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2004 A,B,C, Various Capital Projects	A = \$15,810,000 tax-exempt; B = \$8,100,000 tax-exempt; C = \$28,870,000 taxable	Calcot Project, Fire Department Projects, Downtown Parking Projects, Santa Fe Depot Project, Roeding Business Park Project Area, other capital projects	5.900%	04/28/2004	10/01/2029	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,767,108 was equal to debt service in 2017. \$13,865,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$745,000 to \$1,400,000	13,898,044	(18,044)	13,880,000	19,826,315	2,767,108
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Parks Projects) 2017 A, Parks Impact Fee Projects	A = \$22,965,000 tax-exempt	Refinance Improvements to Various Park Facilities	5.000%	05/10/2017	04/01/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$695,000 to \$1,755,000	26,282,005	(3,317,005)	22,965,000	37,420,045	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Parks Projects) 2008 C & D, Parks Impact Fee Projects	C = \$33,675,000 tax-exempt; D = \$1,530,000 taxable	Improvements to various park facilities	4.000%	06/12/2008	04/01/2018	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,191,150 was equal to debt service in 2017. \$27,965,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$860,000	859,478	522	860,000	894,400	2,191,150
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Police and Fire/Public Safety	A = \$32,065,000 tax-exempt	Refinance Public Safety Capital Improvement Projects (Police & Fire)	5.000%	05/10/2017	04/01/2039	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$1,015,000 to \$2,300,000	36,305,139	(4,240,139)	32,065,000	52,371,685	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2009 A, Police and Fire/Public Safety	A = \$43,385,000 tax-exempt	Various police and fire capital improvement projects		04/09/2009	04/01/2039	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,434,681 was equal to debt service in 2017. \$35,500,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$—	—	—	—	—	3,434,681
<b>Revenue and Other Bonds Total</b>								<b>\$ 276,537,402</b>	<b>\$ (12,097,402)</b>	<b>\$ 264,440,000</b>	<b>\$ 387,287,310</b>	<b>\$ 33,940,793</b>
<b>Notes Payable</b>												
Energy Conservation Assistance Act	\$2,661,000 Loaned	Loaned from the California Energy Commission to be used for solar energy enhancements at the Municipal Service Yard		07/12/2004	06/22/2017	24 semiannual principal and interest installments of \$143,964. Repayment comes from actual savings in energy costs resulting from the project or other available Division funds.	\$—	\$ —	\$ —	\$ —	\$ —	\$ 284,633
HUD: Regional Medical Center (RMC)	\$3,000,000 Loaned	Section 108 Notes to be used for improvements to Regional Medical Center	2.910%	10/28/1997	08/01/2017	Annual principal payments, semiannual interest payments.	\$270,000	270,000	—	270,000	273,929	266,249
HUD: Fresno/Madera Area Agency on Aging (FMAAA)	\$1,500,000 Loaned	Section 108 Notes to be used to acquire and improve FMAAA facilities	2.910% to 3.300%	06/14/2000	08/01/2019	Annual principal payments, semiannual interest payments.	\$110,000 to \$135,000	365,000	—	365,000	83,354	117,797
HUD: Neighborhood Streets/Parks	\$1,500,000 Loaned	Section 108 Note to be used for improvements to various neighborhood streets & parks	5.770% to 6.120%	08/08/2002	08/01/2022	Annual principal payments, semiannual interest payments.	\$94,000 to \$130,000	666,000	—	666,000	794,099	130,254

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Roeding Business Park	\$2,441,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	03/18/2004	08/01/2033	Secured by Facility Lease on City Hall Annex. Annual principal payments, semiannual interest payments.	\$75,321 to \$131,212	\$ 1,714,536	\$ —	\$ 1,714,536	\$ 2,279,081	\$ 134,560
<b>Notes Payable Total</b>								\$ 3,015,536	\$ —	\$ 3,015,536	\$ 3,430,463	\$ 933,493
<b>Governmental Total</b>								\$ 279,552,938	\$ (12,097,402)	\$ 267,455,536	\$ 390,717,773	\$ 34,874,286

Business-type												
Water System Revenue Refunding Bonds 2003 A	A = \$16,155,000 tax-exempt	Refund 1993 Water Bonds & finance improvements to the Water System	5.250%	04/23/2003	06/01/2020	Repayment of bonds solely from revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged senior to the pledges securing the 2010 Bonds and State loans for Water. Principal paid annually, interest semiannually.	\$1,180,000 to \$1,310,000	\$ 3,775,084	\$ (40,084)	\$ 3,735,000	\$ 4,134,000	\$ 1,380,150
Water System Revenue Bonds (Non-Taxable) 2010 A-1, Water	A-1 = \$66,810,000 tax-exempt	Current Refund 1998 Water Bonds & improvements to the Water System	4.00% to 5.00%	02/03/2010	06/01/2024	Repayment of bonds solely from revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and in parity with the pledges securing State loans for Water. Principal payable annually, interest semiannually.	\$4,285,000 to \$7,455,000	42,905,584	(1,790,584)	41,115,000	50,667,600	6,410,575
Water System Revenue Bonds (Taxable Build America Bonds) 2010 A-2, Water	A-2 = \$91,340,000 taxable	Improvements to the Water System	6.50% to 6.75%	02/03/2010	06/01/2040	Repayment of bonds solely from revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and in parity with the pledges securing State loans for Water. Principal payable annually, interest semiannually. During Fiscal Year 2017, a federal Build America Bonds subsidy of \$1,986,793 was received.	\$4,090,000 to \$7,715,000	89,888,550	1,451,450	91,340,000	191,699,075	6,097,263
Sewer System Revenue Bonds 1993 A	A = \$196,280,000 tax-exempt	Rehabilitation and expansion of the City's Wastewater Treatment Facility	4.50% to 5.25%	10/06/1993	09/01/2023	Repayment of bonds solely from revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged senior to the pledges of the 2008 Sewer Bonds and State loans for Sewer. Principal payable annually, interest semiannually.	\$45,000 to \$10,090,000	26,649,412	10,588	26,660,000	28,937,081	10,711,900
Sewer System Revenue Bonds 2008 A, Sewer	A = \$159,845,000 tax-exempt	Refund 1995 & 2000 Sewer Bonds; Improvements to the City's Wastewater Reclamation Facility	4.625% to 5.00%	07/24/2008	09/01/2037	Repayment of bonds solely from revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds and in parity with the pledges of State loans for Sewer. Principal payable annually, interest semiannually.	\$5,410,000 to \$13,090,000	162,485,042	(2,640,042)	159,845,000	265,500,541	7,948,844
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 - Convention Center	A = \$4,260,000 tax-exempt	Refinance Convention Center Improvement Projects (Phase I)	5.000%	05/10/2017	04/01/2027	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$225,000 to \$540,000	4,905,187	(645,187)	4,260,000	5,523,675	—

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Conv. Ctr.) 2008 - Convention Center	F = \$21,410,000 taxable	Refund a portion of 2006 Convention Center Bonds & finance various Convention Center improvements	6.700%	08/14/2008	04/01/2023	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. During 2017, the City chose to make these lease payments from the General Fund in the amount of \$2,413,525, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$1,370,000 to \$2,175,000	\$ 10,923,446	\$ 31,554	\$ 10,955,000	\$ 13,515,740	\$ 2,413,525
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2006 - Convention Center	A = \$15,420,000 tax-exempt; B = \$3,305,000 taxable	Acquisition & Improvements to the Convention Center facilities		06/28/2006	10/01/2026	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to the Facilities Sublease. Principal due annually, interest due semiannually. During 2017, the City chose to make these lease payments from the General Fund in the amount of \$5,366,053 which was equal to the debt service payment. \$4,780,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$—	\$—	\$—	\$—	—	586,053
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Exhibit Hall Expansion Project Refunding	A = \$11,665,000 tax-exempt	Refinance Exhibit Hall Expansion Project	5.000%	05/10/2017	04/01/2029	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$830,000 to \$1,330,000	13,584,438	(1,919,438)	11,665,000	15,960,814	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 1998, Exhibit Hall Expansion Project	\$32,609,535 tax-exempt	Construction of an exhibit hall.		09/01/1998	09/01/2028	Current Interest Serial Bonds (\$25,395,000) and Capital Appreciation Serial Bonds (\$7,214,535). Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. During 2017, the City chose to make these lease payments from the General Fund in the amount of \$2,375,325, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment. \$14,820,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$162,405 to \$289,283	6,609,893	(3,968,658)	2,641,238	9,000,000	2,375,325
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Stadium Project	A = \$13,510,000 tax-exempt	Refinance MultiPurpose Stadium Project	5.000%	05/10/2017	04/01/2031	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$650,000 to \$1,300,000	15,657,779	(2,147,779)	13,510,000	19,038,821	—
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2001 A & B, Stadium Project	A = \$23,615,000 tax-exempt; B = \$22,235,000 taxable	Acquire and construct a multipurpose outdoor stadium	6.93% to 7.03%	06/12/2001	06/01/2031	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. Lease revenue of \$2,257,184 recognized in 2017, equal to debt service in 2017. \$16,550,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$705,000 to \$1,700,000	15,902,994	(22,994)	15,880,000	25,442,562	2,257,184
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Riverside Golf Course) 2017 A, Riverside Golf Course	A = \$1,615,000 tax-exempt	Refinance Improvements to Riverside Golf Course	5.000%	05/10/2017	04/01/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. No debt service was paid in 2017.	\$50,000 to \$125,000	1,848,266	(233,266)	1,615,000	2,626,109	—

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Riverside Golf Course) 2008 C & D, Riverside Golf Course	C = \$2,375,000 tax-exempt; D = \$105,000 taxable	Improvements to Riverside Golf Course	4.000%	06/12/2008	04/01/2018	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to the Facilities Sublease. Principal due annually, interest due semiannually. During 2017, the City chose to make these lease payments from the General Fund in the amount of \$158,313, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment. \$1,970,000 was refinanced with the 2017 Lease Revenue Refunding Bonds on 05/10/2017.	\$60,000	\$ 59,964	\$ 36	\$ 60,000	\$ 62,400	\$ 158,313
Airport Revenue Refunding Bonds 2013, Concourse Expansion	A = \$10,810,000 Non-AMT; B = \$22,820,000 AMT (Subject to Alternative Minimum Tax)	Refund 2000 Airport Revenue Bonds	4.00% to 5.125%	08/06/2013	07/01/2030	Repayment of bonds solely from operation of the City Airport System. Bond Indenture requires a minimum \$1,600,000 of PFC Contribution toward annual debt service from Passenger Facility Charges (PFC). During Fiscal Year 2017 \$1,600,000 of PFC and \$1,180,544 of eligible Airports operation revenues were used to make the debt service payment.	\$1,420,000 to \$5,335,000	29,957,774	(417,774)	29,540,000	41,342,691	2,780,544
Airport Revenue Bonds 2007, Consolidated Rental Car Facility	\$22,000,000 taxable	Construction of a consolidated rental car facility and related improvements	5.833%	06/14/2007	07/01/2037	Repayment of bonds solely from operation of the City Airport System. While not required under the Bond Indenture, Airports uses Customer Facility Charge (CFC) revenues first to meet the debt payment, and then uses other permitted revenues to cover any difference between CFC's and the debt payment. Principal due annually, interest due semiannually. During Fiscal Year 2017 \$1,431,970 of CFC revenues was used to fully cover the debt service payment.	\$215,000 to \$2,265,000	21,550,000	—	21,550,000	39,249,655	1,431,970
<b>Revenue and Other Bonds Total</b>							<b>\$ 446,703,413</b>	<b>\$ (12,332,178)</b>	<b>\$ 434,371,238</b>	<b>\$ 712,700,764</b>	<b>\$ 44,551,646</b>	
<b>Notes Payable</b>												
Water: Safe-Drinking Water Program	\$51,405,432 Loaned	Contract between the State Water Resources Control Board and the City for installation of water meters throughout the City of Fresno	0.000%	04/10/2012	10/01/2022	No interest loan. Repayment of the loan is funded from revenues of the Water Fund. Pledged subordinate to the pledge securing the Water 2003 Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal due in semiannual installments of \$1,285,136.	\$1,285,136 to \$2,570,272	\$ 43,694,617	—	\$ 43,694,617	\$ 43,694,617	\$ 2,570,272
Water: Safe Drinking Water Program	\$1,946,686 Loaned	Contract between the State Water Resources Control Board and the City to protect the City's drinking water supplies from possible contaminating activities (PCA's)	2.292%	07/01/2009	07/01/2031	Repayment of loan is funded from revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$61,014.	\$86,201 to \$118,602	1,498,164	—	1,498,164	1,769,405	122,028
Water: Safe Drinking Water Program	\$1,245,485 Loaned	Contract between the State Water Resources Control Board and the City for improvements on the Enterprise and Jefferson Canals	2.292%	07/01/2009	01/01/2032	Repayment of loan is funded from revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$38,993.	\$55,090 to \$75,797	957,456	—	957,456	1,169,796	1,170,070
Water: Drinking Water State Revolving Fund Project 1010007-029C	\$26,520,000 Loaned	Contract between the State Water Resources Control Board and the City for construction of a Southeast Surface Water Treatment Facility	1.600%	04/05/2016	07/01/2048	Repayment of loan is funded from the revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	15,398,386	—	15,398,386	15,398,386	78,064

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Water: Drinking Water State Revolving Fund Project 1010007-028C	\$195,489,000 Loaned	Contract between the State Water Resources Control Board and the City for construction of a Southeast Surface Water Treatment Facility	1.663%	07/15/2015	01/01/2049	Repayment of loan is funded from the revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	\$ 81,666,670	\$ —	\$ 81,666,670	\$ 81,666,670	\$ 645,905
Water: Drinking Water State Revolving Fund Project 1010007-030C	\$75,900,000 Loaned	Contract between the State Water Resources Control Board and the City for construction of the Friant-Kern Canal Raw Water Pipeline	1.600%	08/23/2016	01/01/2049	Repayment of loan is funded from the revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	12,068,369	—	12,068,369	12,068,369	—
Water: Drinking Water State Revolving Fund Project 1010007-031C	\$65,875,669 Loaned	Contract between the State Water Resources Control Board and the City for construction of a Kings River Pipeline	1.600%	04/05/2016	07/01/2048	Repayment of loan is funded from the revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	9,120,622	—	9,120,622	9,120,622	39,003
Sewer: Clean Water State Revolving Fund Project	\$33,138,638 Loaned	Contract between the State Water Resources Control Board and the City for construction of a tertiary treatment facility	1.000%	10/17/2015	07/12/2046	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds, and in parity with the pledge securing the 2008 Bonds and State loans for Sewer. Principal and interest due in semiannual installments of \$1,279,885.	\$959,072 to \$1,361,854	32,249,924	—	32,249,924	37,312,878	1,279,885
Sewer: Clean Water State Revolving Fund Project No. 8061-110	\$52,475,049 Loaned	Contract between the State Water Resources Control Board and the City for construction of a recycled water distribution system in the southwest quadrant of the City	1.000%	07/01/2016	05/30/2047	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds, and in parity with the pledge securing the 2008 Bonds and State loans for Sewer. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	11,884,466	—	11,884,466	11,884,466	—
Convention Center: Management Agreement	\$781,000 Loaned	Management Agreement between the City of Fresno and SMG to settle a conflict with employee benefits costs incurred by SMG	3.423%	01/01/2009	12/31/2018	Principal and interest due in monthly installments of \$4,167 through 12/31/2018 with an additional payment of \$250,000 to be paid no later than 12/31/2018. Repayment of the note is funded from revenues of the Convention Center operating fund.	\$39,995 to \$270,516	316,953	—	316,953	333,333	58,333
<b>Notes Payable Total</b>								\$ 208,855,627	\$ —	\$ 208,855,627	\$ 214,418,542	\$ 5,963,560
<b>Business-Type Total</b>								\$ 655,559,040	\$ (12,332,178)	\$ 643,226,865	\$ 927,119,306	\$ 50,515,206
<b>Fiduciary</b>												
Fresno Joint Powers Financing Authority: Tax Allocation Revenue Bonds 2001, Redevelopment Agency Merger 2	\$10,000,000 tax-exempt	Redevelopment purposes within the Agency's Merger No. 2 Project Area	5.250%	02/01/2012	08/01/2018	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated by the Successor Agency to the City of Fresno Redevelopment Agency's Merger No. 2 Project area. All such revenues are pledged. Tax increment in Merger Area No. 2 of \$877,006 was equal to debt service in 2017.	\$535,000 to \$825,000	\$ 1,362,990	\$ (2,990)	\$ 1,360,000	\$ 1,423,788	\$ 877,006



	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2017 Debt Service Payment
Tax Allocation Refunding Bonds 2003, Mariposa Project Area	\$5,005,000 tax-exempt	Refund the Agency's 1993 Tax Allocation Bonds (Mariposa Project Area)	5.375% to 5.625%	02/01/2012	02/01/2023	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated by the Successor Agency to the City of Fresno Redevelopment Agency's Mariposa Project area. All such revenues are pledged. Tax increment in Mariposa Project Area of \$433,338 was equal to debt service in 2017.	\$313,000 to \$418,000	\$ 2,175,394	\$ 6,606	\$ 2,182,000	\$ 2,633,406	\$ 433,338
<b>Tax Allocation Bonds Total</b>								\$ 3,538,384	\$ 3,616	\$ 3,542,000	\$ 4,057,194	\$ 1,310,344
<b>Notes Payable</b>												
RDA: Roeding Business Park	\$2,118,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	03/18/2004	08/01/2033	Principal and interest due in annual installments. Secured by Tax Increment revenue received into the Roeding Business Park Project area.	\$65,351 to \$113,845	\$ 1,487,602	\$ —	\$ 1,487,602	\$ 1,977,426	\$ 116,750
<b>Notes Payable</b>								\$ 1,487,602	\$ —	\$ 1,487,602	\$ 1,977,426	\$ 116,750
<b>Fiduciary Total</b>								\$ 5,025,986	\$ 3,616	\$ 5,029,602	\$ 6,034,620	\$ 1,427,094

Discretely Presented Component Unit												
Notes Payable												
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associated properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit requirements	1.000%	03/31/2010	03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property. The COFCAP fulfilled the terms of the New Market Tax Credits (NMTC), and was fully dissolved on 8/29/2017. Assets were returned to the City of Fresno in lieu of payment of the principal amount of the note.	\$—	\$ —	\$ —	\$ —	\$ —	Interest Only \$107,869
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associated properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit requirements	2.420%	03/31/2010	03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property. The COFCAP fulfilled the terms of the New Market Tax Credits (NMTC), and was fully dissolved on 8/29/2017. Assets were returned to the City of Fresno in lieu of payment of the principal amount of the note.	\$—	—	—	—	—	Interest Only \$81,849
<b>Discretely Presented Component Unit Total</b>								\$ —	\$ —	\$ —	\$ —	\$ 189,718
<b>Grand Total</b>								\$ 940,137,964	\$ (24,425,964)	\$ 915,712,003	\$ 1,323,871,699	\$ 87,006,304

## Comparative Statistics

### Municipal Financial Ratio Analysis: Fresno vs. California Top 10 by Population

Group Medians (Most Recent Available)			
Moody's Ratings			
Selected Medians	Aa – CA 10	A3–Fresno	A – CA 10
General Fund Balance as % of Revenues	28.18	17.34	19.28
Direct Net Debt as % of Full Value	0.85	0.56	0.65
Total Full Value (in thousands)	\$147,061,415	\$31,526,423	\$28,344,082
Assessed Value Per Capita	\$129,537	\$60,575	\$63,018
Population Estimates	1,135,286	520,453	449,777
Per Capital Income (Estimated)	\$54,135	\$38,323	\$30,414

### Peer Analysis to Largest 10 Cities

Metric	Median	City of Fresno	Ranking
General Fund Balance % of Revenues	27.9%	17.3%	9th
Unassigned General Fund Balance % of Revenues	8.5%	11.3%	8th
Direct Net Debt	\$1,031,330	\$175,603	10th
Direct Net Debt Per Capita	\$1,033	\$337	10th
Debt Burden	74.5%	62.2%	8th
Per Capital Income	\$49,391	\$38,323	5th
Assessed Value Per Capita	\$123,542	\$60,575	10th

Ranking: 1<sup>st</sup> is the highest and 10<sup>th</sup> is the lowest of the largest 10 cities in California.

### Glossary of Terms

**Direct Net Debt:** Total Debt less any Pension Bonds Outstanding.

**Assessed Value:** Total Assessed Valuation within the boundaries of the City.

**Debt Burden:** Net Direct Debt as a percentage of Revenues.

## Debt Coverage Airport Enterprise

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues (1)	\$ 14,629,495	\$ 15,677,749	\$ 15,875,415	\$ 17,276,414	\$ 17,564,886	\$ 18,804,163	\$ 19,876,016	\$ 21,215,550	\$ 21,802,324	\$ 22,976,398	\$ 24,500,217
Less Operating Expenses	11,926,320	12,623,046	13,800,587	13,444,745	13,339,598	14,199,920	14,321,512	14,261,785	14,428,056	14,933,842	16,116,963
Other Available Funds (2)	—	—	—	—	—	—	50,992	95,014	349,805	359,232	368,003
<b>Net Revenues</b>	<b>\$ 2,703,175</b>	<b>\$ 3,054,703</b>	<b>\$ 2,074,828</b>	<b>\$ 3,831,669</b>	<b>\$ 4,225,288</b>	<b>\$ 4,604,243</b>	<b>\$ 5,605,496</b>	<b>\$ 7,048,779</b>	<b>\$ 7,724,073</b>	<b>\$ 8,401,788</b>	<b>\$ 8,751,257</b>
<b>Adjusted Debt Service</b>											
Series 2000 Bonds	\$ 2,721,843	\$ 2,850,401	\$ 2,872,002	\$ 3,011,580	\$ 3,012,614	\$ 3,011,470	\$ 3,012,060	\$ —	\$ —	\$ —	\$ —
Series 2013 Bonds	—	—	—	—	—	—	—	3,288,321	2,805,144	2,807,944	2,803,143
Less											
Minimum PFC Contribution <sup>(3)</sup>	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,600,000)	(1,600,000)	(1,600,000)	(1,600,000)
Bond proceeds	—	—	(338,300)	—	—	(70,077)	—	—	—	—	—
Additional PFC Contribution	(638,500)	(946,000)	(869,400)	(1,118,005)	(796,600)	(321,100)	(500,000)	(230,600)	—	(200,000)	0
<b>Net Series 2000/2013 Debt Service</b>	<b>\$ 983.343</b>	<b>\$ 804.401</b>	<b>\$ 564.302</b>	<b>\$ 793.575</b>	<b>\$ 1,116.014</b>	<b>\$ 1,520.293</b>	<b>\$ 1,412.06</b>	<b>\$ 1,457.721</b>	<b>\$ 1,205.144</b>	<b>\$ 1,007.944</b>	<b>\$ 1,203.143</b>
Series 2007 Bonds	—	—	640,013	1,283,260	1,283,260	1,298,260	1,332,385	1,369,469	1,399,219	1,436,928	1,472,012
<b>Annual Adjusted Debt Service</b>	<b>\$ 983.343</b>	<b>\$ 804.401</b>	<b>\$ 1,204.315</b>	<b>\$ 2,076.835</b>	<b>\$ 2,399.274</b>	<b>\$ 2,818.553</b>	<b>\$ 2,744.445</b>	<b>\$ 2,827.19</b>	<b>\$ 2,604.363</b>	<b>\$ 2,444.872</b>	<b>\$ 2,675.155</b>
<b>Annual Adjusted Debt Service Coverage (4)</b>	<b>2.75</b>	<b>3.80</b>	<b>1.72</b>	<b>1.84</b>	<b>1.76</b>	<b>1.63</b>	<b>2.04</b>	<b>2.49</b>	<b>2.97</b>	<b>3.44</b>	<b>3.27</b>

### Notes:

<sup>(1)</sup>State of California law requires the exclusion of Customer Facility Charge (CFC) Revenues from the calculation of Debt Service coverage in excess of annual Debt Service on the Series 2007 bonds

<sup>(2)</sup>Per the indenture, unencumbered CFC funds equal to 25% of Adjusted Debt Service may be designated by the City as Other Available Funds prior to the beginning of any fiscal year, and be transferred to the Revenue Fund at the beginning of such fiscal year. Since fiscal year 2015, the City's policy has been to annually designate available CFC funds equal to 25 percent of debt service associated with 2007 Bonds as Other Available Funds.

<sup>(3)</sup>Under the Supplemental Indenture, the Minimum Passenger Facility Charge (PFC) Contribution is increased from \$1.1 million to \$1.6 million.

# Water Enterprise

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Charges for Services	\$56,359,824	\$65,596,663	\$67,721,598	\$67,921,933	\$69,268,830	\$71,667,204	\$90,095,940	\$74,284,899	\$77,959,326	\$101,894,846
Less: Connection Fee Charges for Services	(3,403,075)	(2,230,192)	(1,662,536)	(1,218,217)	(1,083,555)	(1,330,539)	(1,666,977)	(1,495,691)	(1,562,867)	(1,917,371)
Net Charges for Services <sup>(1)</sup>	52,956,749	63,366,471	66,059,062	66,703,716	68,185,275	70,336,665	88,428,963	72,789,208	76,396,459	99,977,475
Other Operating Revenues and Interest Income	2,210,155	1,409,468	773,820	1,450,861	1,533,394	720,443	328,907	573,475	1,146,779	16,508
<b>Total Revenues</b>	<b>\$55,166,904</b>	<b>\$64,775,939</b>	<b>\$66,832,882</b>	<b>\$68,154,577</b>	<b>\$69,718,669</b>	<b>\$71,057,108</b>	<b>\$88,757,870</b>	<b>\$73,362,683</b>	<b>\$77,543,238</b>	<b>\$99,993,983</b>
<b>Expenses</b>										
Labor and Benefits	\$ —	\$ 9,707,563	\$ 11,234,598	\$ 12,432,877	\$ 12,517,445	\$ 12,678,961	\$ 13,524,886	\$ 11,377,958	\$ 12,436,520	\$ 12,401,334
Pumping Power	—	9,114,867	8,890,968	8,849,543	8,986,181	9,112,975	9,292,005	8,500,975	8,149,532	9,064,479
Source of Supply	—	6,129,477	8,044,508	7,144,620	7,748,205	6,317,505	1,779,813	5,612,816	6,629,834	4,188,352
All Other Operating and Maintenance	39,754,832	16,776,763	15,613,196	17,999,120	18,385,535	16,820,809	18,151,285	17,473,391	17,165,711	21,546,637
<b>Total Operating Expenses <sup>(2)</sup></b>	<b>\$39,754,832</b>	<b>\$41,728,670</b>	<b>\$43,783,270</b>	<b>\$46,426,160</b>	<b>\$47,637,366</b>	<b>\$44,930,250</b>	<b>\$42,747,989</b>	<b>\$42,965,140</b>	<b>\$44,381,597</b>	<b>\$47,200,802</b>
<b>Net Current Revenues</b>	<b>\$15,412,072</b>	<b>\$23,047,269</b>	<b>\$23,049,612</b>	<b>\$21,728,417</b>	<b>\$22,081,303</b>	<b>\$26,126,858</b>	<b>\$46,009,881</b>	<b>\$30,397,543</b>	<b>\$33,161,641</b>	<b>\$52,793,181</b>
2003A Senior Bond Debt Service	\$ 3,734,142	\$ 3,736,222	\$ 2,934,114	\$ 1,374,750	\$ 1,374,350	\$ 1,375,750	\$ 1,378,350	\$ 1,374,350	\$ 1,381,325	\$ 1,380,150
State Loans Debt Service	265,103	265,103	272,971	291,220	265,131	259,483	119,963	119,963	119,963	0
<b>Total Senior Debt</b>	<b>\$ 3,999,245</b>	<b>\$ 4,001,325</b>	<b>\$ 3,207,085</b>	<b>\$ 1,665,97</b>	<b>\$ 1,639,481</b>	<b>\$ 1,635,233</b>	<b>\$ 1,498,313</b>	<b>\$ 1,494,313</b>	<b>\$ 1,501,288</b>	<b>\$ 1,380.15</b>
Senior Coverage Ratio	<b>3.85</b>	<b>5.76</b>	<b>7.19</b>	<b>13.04</b>	<b>13.47</b>	<b>15.98</b>	<b>30.71</b>	<b>20.34</b>	<b>22.09</b>	<b>38.25</b>
<b>Net Revenue Available for Parity Debt Service</b>	<b>\$11,412,827</b>	<b>\$19,045,944</b>	<b>\$19,842,527</b>	<b>\$20,062,447</b>	<b>\$20,441,822</b>	<b>\$24,491,625</b>	<b>\$44,511,568</b>	<b>\$28,903,230</b>	<b>\$31,660,353</b>	<b>\$51,413,031</b>
2010 Series A Bond Debt Service	\$ —	\$ —	\$ 3,235,943	\$12,509,988	\$12,515,238	\$12,507,038	\$12,508,838	\$12,509,238	\$12,531,238	\$12,507,838
State Loans Debt Service	\$ —	\$ —	\$ —	\$ —	\$ 75,235	\$ 265,998	\$ 337,893	\$ 2,770,285	\$ 2,786,065	\$ 3,533,258
<b>Total Parity Debt Service</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,235,943</b>	<b>\$12,509,988</b>	<b>\$12,590,473</b>	<b>\$12,773,036</b>	<b>\$12,846,731</b>	<b>\$15,279,523</b>	<b>\$15,317,303</b>	<b>\$16,041,096</b>
<b>Parity Coverage Ratio</b>	<b>—</b>	<b>—</b>	<b>6.13</b>	<b>1.60</b>	<b>1.62</b>	<b>1.92</b>	<b>3.46</b>	<b>1.89</b>	<b>2.07</b>	<b>3.21</b>

**Notes:**

<sup>(1)</sup>1993 Indenture defines "Current Revenues" as all revenue from the operation of the Water System except for connection fees and charges.

<sup>(2)</sup>1993 Indenture defines "Maintenance and Operation Costs" as all expenses incurred for maintaining and operating the Water System except for Debt Service, Depreciation, and Amortization

## Wastewater Enterprise

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Charges for Services<sup>(1)</sup></b>	\$60,798,990	\$ 62,521,061	\$ 74,157,961	\$ 76,628,147	\$ 76,725,785	\$ 76,324,086	\$ 76,201,230	\$ 81,954,830	\$ 78,185,599	\$ 83,634,711
Interest Income	6,121,535	4,511,947	3,955,335	1,618,632	3,797,207	485,084	1,546,508	1,786,614	2,779,309	491,672
Less: Wastewater Facility Connection Fee	(4,386,213)	(1,439,343)	(2,336,689)	(1,463,172)	(1,133,247)	(1,852,524)	(1,981,327)	(1,708,801)	(1,843,957)	(1,967,994)
<b>Total Senior Lien Revenues</b>	<b>\$62,534,312</b>	<b>\$ 65,593,665</b>	<b>\$ 75,776,607</b>	<b>\$ 76,783,607</b>	<b>\$ 79,389,745</b>	<b>\$ 74,956,646</b>	<b>\$ 75,766,411</b>	<b>\$ 82,032,643</b>	<b>\$ 79,120,951</b>	<b>\$ 82,158,389</b>
Operating Expenses <sup>(2)</sup>	31,909,771	31,646,468	30,714,505	31,422,980	36,857,808	36,431,161	36,339,200	37,390,529	35,935,135	38,058,304
Net Income Before Debt Service	\$30,624,541	\$ 33,947,197	\$ 45,062,102	\$ 45,360,627	\$ 42,531,937	\$ 38,525,485	\$ 39,427,211	\$ 44,642,114	\$ 43,185,816	\$ 44,100,085
Senior Lien Debt Service <sup>(3)</sup>	\$10,817,050	\$ 13,391,850	\$ 13,530,713	\$ 10,754,019	\$ 10,736,988	\$ 10,724,331	\$ 10,714,175	\$ 10,694,956	\$ 10,723,231	\$ 10,711,900
Coverage Ratio <sup>(4)</sup>	<b>2.83</b>	<b>2.53</b>	<b>3.33</b>	<b>4.22</b>	<b>3.96</b>	<b>3.59</b>	<b>3.68</b>	<b>4.17</b>	<b>4.03</b>	<b>4.12</b>
100% Coverage-Subordinate Lien: Net Current Revenue after Senior Lien Debt (before Connection Fees)	\$19,807,491	\$ 20,555,347	\$ 31,531,389	\$ 34,606,608	\$ 31,794,949	\$ 27,801,154	\$ 28,713,036	\$ 33,947,158	\$ 32,462,585	\$ 33,388,185
<b>Available from Senior Lien Revenues</b>	\$19,807,491	\$ 20,555,347	\$ 31,531,389	\$ 34,606,608	\$ 31,794,949	\$ 27,801,154	\$ 28,713,036	\$ 33,947,158	\$ 32,462,585	\$ 33,388,185
Subordinate Lien Debt Service <sup>(5)</sup>	\$ 4,243,838	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844
Coverage Ratio	<b>4.67</b>	<b>2.59</b>	<b>3.97</b>	<b>4.35</b>	<b>4.00</b>	<b>3.50</b>	<b>3.61</b>	<b>4.27</b>	<b>4.08</b>	<b>4.20</b>
120% & 125% Coverage Subordinate Lien: <b>Net Current Revenue (Excluding Connection Fees)</b>	\$19,807,491	\$ 20,555,347	\$ 31,531,389	\$ 34,606,608	\$ 31,794,949	\$ 27,801,154	\$ 28,713,036	\$ 33,947,158	\$ 32,462,585	\$ 33,388,185
Wastewater Facility Connection Fee	4,386,213	1,439,343	2,336,689	1,463,172	1,133,247	1,852,524	1,981,327	1,708,801	1,843,957	1,967,994
Transfers From/To Rate Stabilization Fund	—	16,200,000	—	—	—	—	—	—	—	—
<b>Net Current Revenue (Including Connection Fees)</b>	<b>\$24,193,704</b>	<b>\$ 38,194,690</b>	<b>\$ 33,868,078</b>	<b>\$ 36,069,780</b>	<b>\$ 32,928,196</b>	<b>\$ 29,653,678</b>	<b>\$ 30,694,363</b>	<b>\$ 35,655,959</b>	<b>\$ 34,306,543</b>	<b>\$ 35,356,179</b>
Portion Pledged to Senior Lien Coverage <sup>(6)</sup>	\$24,193,704	\$ 38,194,690	\$ 33,868,078	\$ 36,069,780	\$ 32,928,196	\$ 29,653,678	\$ 30,694,363	\$ 35,655,959	\$ 34,306,543	\$ 35,356,179
<b>Available From Senior Lien Revenues</b>	\$24,193,704	\$ 38,194,690	\$ 33,868,078	\$ 36,069,780	\$ 32,928,196	\$ 29,653,678	\$ 30,694,363	\$ 35,655,959	\$ 34,306,543	\$ 35,356,179
Subordinate Lien Debt Service <sup>(5)</sup>	\$ 4,243,838	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844
Coverage Ratio	<b>5.70</b>	<b>4.81</b>	<b>4.26</b>	<b>4.54</b>	<b>4.14</b>	<b>3.73</b>	<b>3.86</b>	<b>4.49</b>	<b>4.32</b>	<b>4.45</b>
<b>Net Income After Debt Service<sup>(7)</sup></b>	<b>\$19,949,866</b>	<b>\$ 30,245,846</b>	<b>\$ 25,919,234</b>	<b>\$ 28,120,936</b>	<b>\$ 24,979,352</b>	<b>\$ 21,704,834</b>	<b>\$ 22,745,519</b>	<b>\$ 27,707,115</b>	<b>\$ 26,357,699</b>	<b>\$ 27,407,335</b>

### Notes:

- (1) Includes revenue paid by the City of Clovis for Operations and Maintenance pursuant to the 1977 Fresno-Clovis Sewerage System Joint Powers Agreement.
- (2) The 1993 Indenture specifically excludes from Operating Expenses Debt Service, Amortization and Depreciation.
- (3) 1993 Sewer System Revenue Bonds, Series A.
- (4) Coverage Ratio is calculated by dividing Net Income before Debt Service by Senior Lien Debt Service.
- (5) 2008 Sewer System Revenue Refunding Bonds, Series A.
- (6) The 1991 Sewer System Revenue Bonds (1991 Series A) matured in August 2003; Repayment of the bonds were funded from revenues of the Sewer System.
- (7) Net Income after Debt Service and before cash financed capital expenses and any other expenses for lawful purposes.

## Appendix - Ratings History

### Lease Revenue Bonds

Year	Moody's	S&P	Fitch
2017	Baa1/Baa2 ↑ Pos	A ↑ Stable	A- Stable
2016	Baa2/Baa3 ↑ Pos	BB+ Stable	A- ↑ Stable
2015	Ba1/Ba2 ↑ Stable	BB+ Stable	BBB- Stable
2014	Ba2/Ba3 ↓ Pos	BB+ Stable	BBB- Stable
2013	Ba1/Ba2 Neg	BB+ ↓ Stable	BBB- ↓ Neg
2012	Ba1/Ba2 ↓ Neg	BBB- ↓ Neg	BBB/BBB- ↓ Neg
2011	Baa1 ↓ Neg	A- ↓ Neg	A- ↓ Stable

### Airport Revenue Bonds

Year	Moody's	S&P	Fitch
2017	Baa1 Pos	BBB+ ↑ Stable	BBB Pos
2016	Baa1 Pos	BBB Pos	BBB Pos
2015	Baa1 Stable	BBB Pos	BBB Stable
2014	Baa1 Stable	BBB Stable	BBB Stable
2013	Baa1 Stable	BBB Stable	BBB Stable
2012	Baa1 Stable	BBB Stable	BBB Stable
2011	Baa1 Stable	BBB Stable	BBB Stable

### Water Revenue Bonds

Year	Moody's	S&P	Fitch
2017	A3 Pos	AA- Stable	AA/A+ Stable
2016	A3 Pos	AA- ↑ Stable	AA/A+ Stable
2015	A3 Pos	A+/A Stable	AA/A+ Stable
2014	A3 Stable	A+/A Stable	AA/A+ Stable
2013	A3	A+/A Stable	AA/A+ ↓ Neg
2012	A3 ↓ Neg	A+/A Neg	AA/AA- Neg
2011	A2 ↓ Neg	A+/A Neg	AA/AA- ↑ Stable

Arrows indicate an increase (?) or decrease (?) from the prior rating.

Wastewater (Sewer) Revenue Bonds

Year	Moody's		S&P		Fitch	
2016	A1	Pos	AA+/AA	Stable	AA/AA-	Stable
2015	A1	Pos	AA+/AA	Stable	AA/AA-	Neg
2014	A1	Stable	AA+/AA	⑦ Stable	AA/AA-	Neg
2013	A1	Neg	AA+/AA-	⑨ Stable	AA/AA-	Neg
2012	A1	⑨	AA+/AA	Neg	AA/AA-	Neg
2011	Aa3	Neg	AA+/AA	⑦ Stable	AA/AA-	Stable

Arrows indicate an increase (↑) or decrease (↓) from the prior rating.







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