

PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_\_, 2020

**NEW ISSUE - BOOK-ENTRY ONLY**

CUSIP No: 358244\_\_

Rating: Standard & Poor's: “\_\_+”  
See “Rating” herein.

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See “Tax Matters” herein.*



**[\$Principal Amount]\*  
COUNTY OF FRESNO,  
CALIFORNIA**

**2020-21 TAX AND REVENUE ANTICIPATION NOTES**

**Interest Rate: \_\_%      Reoffering Yield: \_\_%**

**Dated Date: July 1, 2020\***

**Maturity Date: June 30, 2021**

The County of Fresno, California (the “County”) is issuing its \$[Principal Amount]\* 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) for the purpose of financing seasonal cash flow requirements for its General Fund expenditures during the fiscal year ending June 30, 2021. In accordance with California law, the Notes are general obligations of the County, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq.* of the California Government Code (the “Act”), the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent (the “Fiscal Agent”). The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. See “The Notes – Security and Sources of Payment for the Notes” herein. The County may issue additional series of tax and revenue anticipation notes upon satisfaction of certain conditions in the Resolution (defined herein). See “Introduction – Additional Notes” herein.

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. Purchasers of the Notes (the “Beneficial Owners”) will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on the Maturity Date by the Fiscal Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” herein.

The Notes are not subject to redemption prior to maturity. See “The Notes – General” herein.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

*The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the County by the County Counsel. It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC, on or about July 1, 2020.*

Dated: June \_\_, 2020

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

## OFFICIAL STATEMENT

**[\$[Principal Amount]\*  
COUNTY OF FRESNO, CALIFORNIA  
2020-21 TAX AND REVENUE ANTICIPATION NOTES**

### INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Notes being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.*

#### **General**

This Official Statement, including the cover and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and delivery of the 2020-21 Tax and Revenue Anticipation Notes in an aggregate principal amount of \$[Principal Amount]\* (the “Notes”) of the County of Fresno (the “County”). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and a Resolution adopted by the Board of Supervisors of the County (the “County Board”) on ~~BRD~~ May 26, 2020 (the “Resolution”). The Notes are being issued for the purpose of financing seasonal cash flow requirements of the County for its General Fund (the “General Fund”) expenditures during the fiscal year ending June 30, 2021. For additional information regarding General Fund expenditures, see Appendix A – “Financial, Economic and Demographic Information Regarding the County of Fresno - Financial and Economic Information” and Appendix B – “County of Fresno Cash Flow Statements” attached hereto.\*

#### **Security and Sources of Payment for the Notes**

In accordance with California law, the Notes are general obligations of the County, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund (as hereinafter defined) of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent for the Notes (the “Fiscal Agent”). The County expects that the aggregate amounts required to be deposited in the Note Repayment Fund from Pledged Moneys

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\* Preliminary, subject to change.

## Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the County, but are payable only out of Unrestricted Revenues received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon. The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. The Note Repayment Fund is to be held in trust by the Fiscal Agent.

Pledged Moneys are as follows: (i) an amount equal to ~~forty percent (40%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in February 2021;~~ (ii) ~~an amount equal to~~ thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in February 2021; (ii) ~~an amount equal to forty percent (40%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in~~ April 2021; (iii) an amount equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in May 2021; and (iv) an amount equal to (a) the interest accrued and to accrue on the Notes to the maturity thereof, from the first Unrestricted Revenues to be received by the County in June 2021, plus (b) an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury.

As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from, the first moneys received by the County from the Pledged Moneys. In the event that in any of the foregoing periods Unrestricted Revenues are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in such period, Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund pursuant to the terms of the Resolution will be deposited by the Auditor-Controller/Treasurer-Tax Collector into the Note Repayment Fund up to the amount of any deficiency in the amount of Pledged Moneys required to be on deposit therein as of the last County business day of such period. The Notes will be secured by the Pledged Moneys ratably according to the amount of principal thereof and the accrued but unpaid interest thereon.

## Use and Investment of Note Proceeds

Note proceeds will be deposited in the General Fund of the County and used and expended by the County for any purpose for which it is authorized to expend funds from the General Fund of the County, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the County. Such note proceeds will be deposited in the County Investment Pool (as hereinafter defined) or invested as authorized by the Resolution. For certain information concerning the County’s pooled cash portfolio, see Appendix A “Financial, Economic and Demographic Information regarding the County of Fresno—Financial and Economic Information—Treasury Investment Pool” attached hereto.

## Note Repayment Fund

In accordance with the provisions of the Resolution, a Note Repayment Fund (the “Note Repayment Fund”) is to be established by the County to be held in trust by the Fiscal Agent and all Pledged Moneys (as that term is defined in the Resolution) are to be deposited into the Note Repayment Fund as required by

period of time or that it will not be revised or withdrawn entirely if in the sole judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

### UNDERWRITING

The Notes were sold at competitive bid on June \_\_, 2020. The Notes were awarded to \_\_\_\_\_ (the “Underwriter”), at a purchase price of \$\_\_\_\_\_ (which amount equals the principal amount of the Notes plus a bid premium of \$\_\_\_\_\_). The Notice Inviting Bids provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions.

### CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The County’s obligations under the Resolution with respect to continuing disclosure shall terminate upon payment in full of all of the Notes without any requirement to provide notice to any owner or holder of the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as notice of a Listed Event. See Appendix E – “Form of Continuing Disclosure Certificate” attached hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC.

The County did not include its audited financial statements for the Fiscal Years ended June 30, 2016 and June 30, 2017 with its Annual Reports for such Fiscal Years for its Annual Reports for such Fiscal Years for its Taxable Pension Obligation Bonds, Refunding Series 2002, Taxable Pension Obligation Bonds, 2004 Series A, Taxable Pension Obligation Bonds, 2004 Series B, Lease Revenue Refunding Bonds, Series 2012A, Taxable Pension Obligation Refunding Bonds, 2015 Series A and Lease Revenue Refunding Bonds, Series 2016. The County filed its audited financial statements for the Fiscal Years ended June 30, 2016 and June 30, 2017 on March 1, 2019.

### MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the County since the date hereof.

**APPENDIX A**

**FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION  
REGARDING THE COUNTY OF FRESNO**

## FINANCIAL AND ECONOMIC INFORMATION

### Budgetary Process

The County of Fresno (the “County”) is required by State of California (the “State”) law to adopt on or before October 2 a fiscal line item budget setting forth final expenditures, revenues, and fund balances available so that appropriations during that fiscal year will not exceed available financing. The County’s Fiscal Year 2019-20 Adopted Budget (the “Fiscal Year 2019-20 Adopted County Budget”) was approved by the Board of Supervisors of the County of Fresno (the “County Board”) on September 16, 2019. The County’s Fiscal Year 2020-21 Temporary Budget (the “Fiscal Year 2020-21 Temporary County Budget”) is expected to be submitted to the County Board on June 23, 2020. See “– County Budget.”

As part of the County’s process for ensuring that expenditures do not exceed authorized levels or available financing sources, a mid-year review is provided to the County Board in March. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or reducing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to reduce expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. The County’s Auditor-Controller/Treasurer-Tax Collector is responsible for controlling expenditures within budgeted appropriations. Counties in the State are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. Pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. See “Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Proposition 26” in the forepart of this Official Statement.

Revenues for the County’s General Fund (the “General Fund”) are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. The County’s current practice is to assume approximately 2% growth in assessed valuation for budgeting purposes when forecasting revenues. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by the County Board. The County receives a significant amount of its revenues from the State. Accordingly, the County is dependent upon the State budget and payments made or appropriated by the State to the County for various programs. See “State of California Budget and Supplemental Financial Information”.

### County Budget

The Fiscal Year 2019-20 Adopted County Budget was approved by the County Board on September 16, 2019. The total governmental funds budget, inclusive of the approximately \$1.87 billion General Fund budget, for the Fiscal Year 2019-20 Adopted County Budget, is approximately \$3.37 billion and funds permanent staffing of 8,053 positions. The Fiscal Year 2019-20 Adopted County Budget is subject to certain additional expenditures and the County may receive less revenues than it budgeted as a result of the COVID-19 pandemic. See “– COVID-19 and Potential Impact on County Finances.”

The Fiscal Year 2020-21 Temporary County Budget is expected to be submitted to the County Board on June 23, 2020. In accordance with County budgetary procedures, the Fiscal Year 2020-21 Temporary County Budget will be based on estimates from the Fiscal Year 2019-20 Adjusted County Budget (which is the Fiscal Year 2019-20 Adopted County Budget as subsequently adjusted) without

funding. The last State realignment occurred in Fiscal Year 2010-11, when the State approved the Public Safety Realignment Act, which transferred responsibility for housing and supervision of certain State prison inmates and parolees as of October 1, 2011 from the California Department of Corrections and Rehabilitation to counties, including the County. The County has limited its Public Safety Realignment Act expenses to costs paid for or reimbursed by the State.

## **Expenditures**

The County's major expenditures are health, sanitation, public assistance and public protection. See Appendix C – "County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019" attached to this Official Statement.

## **Reserves**

The County's practice is to make contributions to its General Reserve each year. From Fiscal Year 2010-11 to Fiscal Year 2016-17, the County made annual contributions to its General Reserve ranging between \$1.5 million and \$2.3 million. For Fiscal Years 2017-18, 2018-19 and 2019-20, the County made contributions of approximately \$7 million, \$7.9 million and \$18 million, respectively, bringing the current balance of its reserve fund to approximately \$54 million. [To be updated.]

## **COVID-19 and Potential Impact on County Finances**

The recent global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets and national economy and will negatively impact the County's operations and finances.

On March 4, 2020, the Governor declared a state of emergency to help the State prepare and respond to the Pandemic. On March 19, 2020, the Governor issued, among other executive orders relating to the Pandemic, a statewide order, Executive Order N-33-20 (the "Order"), directing all residents to heed current State public health directives to stay home or at their place of residence, except as needed to maintain continuity of operations of critical infrastructure sectors. The Order remains in place until further notice from the State. The County's operating procedures will be in accordance with the Order.

On March 13, 2020, the federal government declared a national emergency, allowing for federal assistance to state and local governments. In response to the Pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. The CARES Act provides \$150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible only for reimbursement of certain costs expended to address the impacts of COVID-19. The County received approximately \$81.6 million in funding pursuant to the CARES Act.

Following the Order, the County implemented a temporary hiring freeze. Since the Order, all essential County services have remained open while implementing recommended social distancing procedures, and non-essential services have been closed. Each County department is currently developing business continuity plans. The County has continued to maintain operations through work-from-home and other arrangements. Although no assurance can be provided about future conditions, to date the County has not experienced a material adverse impact on its operations for essential services or its business operations, financial reporting systems and other internal controls and it does not expect for there to be a materially adverse effect thereon as a result of such arrangements. The County does expect to continue teleworking

and online meetings in the future, along with implementing social distancing procedures at the County's offices and buildings.

To date, the County has incurred approximately ~~\$( )~~ \$5.5 million of unbudgeted expenses related to the Pandemic in the current Fiscal Year 2019-20. The County expects these expenditures to be offset in part by the \$81.6 million in funding from the CARES Act and an additional \$1.2 million in funding from the State [Funding amount to be confirmed]. Retail businesses in the County have already been impacted by the Pandemic. Retailer Forever 21, which operates a 185,000 square foot space in the County, has declared bankruptcy. It is uncertain whether other major retailers in the County will cease operations. ~~Rent collection in the County decreased by approximately 30% in April 2020. [To be confirmed.]~~

The County does not anticipate making adjustments to the Fiscal Year 2019-20 Adopted County Budget, with the exception of expenditures directly related to the Pandemic, but anticipates making reductions in the Fiscal Year 2020-21 Adopted County Budget. The County expects a reduction in revenues in Fiscal Year 2020-21 due to decreased sales tax revenues and property tax revenues and also expects an increase in expenditures, particularly in public health, social services and behavioral health, in order to address the impacts of the Pandemic. See " – County Budget." The County expects that full financial impact of the Pandemic on the County's finances will likely be realized in Fiscal Year ~~2021-22~~ 2020-21. The County cannot predict the extent or duration of the Pandemic or what ultimate impact it may have on the County's financial condition and operations but it may be material.

The County does not anticipate that the Pandemic, and the actions taken by the County in response thereto, will have a materially adverse effect on its ability to pay debt service on any of its outstanding financial obligations or otherwise cause the County to default on any material contractual or financial obligation.

### **Capital Projects**

The County finances capital improvements from a variety of sources, including State and federal funds and proceeds of debt issuances. The following are some of the current and recent significant capital projects funded by the County.

West Annex Jail. Construction on the West Annex Jail began in January, 2018. The project is funded by \$79.2 million from the California Board of State and Community Corrections (Senate Bill 1022) and \$22.6 million from the County. The West Annex Jail is being built to replace the 499-bed South Annex Jail. The West Annex Jail will be a 300-bed facility focusing on the mental health needs and programs/services for the jail population. The new facility will include a day reporting center, medical treatment areas, laundry and storage facilities, increased programming and exercise areas, contact and non-contact visitation areas and will be linked with the existing detention facilities underground tunnel system. The anticipated completion date for the new facility is Spring 2021 and occupancy is expected within three months after completion.

Sheriff Area Two Substation. In October 2018, the County Board approved the purchase of land in the southeast area of the County for the development and construction of a new Sheriff's substation. The new substation will serve as the Area Two Headquarters for all patrol operations in the metropolitan area. The project is estimated to cost \$17.5 million, which will be funded by County sources. The anticipated completion date for this project is the Summer 2021.

~~Animal Control Facility. In July 2019, the County Board approved the County's purchase of vacant industrial land in the County for the development and construction of a new animal shelter. The project is~~



~~estimated to cost \$7.5 million, which will be funded by County sources. The project is estimated to be completed in February 2021.~~

County Regional Environmental Compliance Center. In December 2018, the County Board approved the County's purchase of a vacant industrial 2.67-acre lot in the southwest are of the County for the development and construction of a new regional Environmental Compliance Center. The new facility will include household hazardous waste collection operations which will be relocated from the County's American Avenue Disposal Site. Construction documents and drawing phase are in progress. ~~The~~This project is estimated to be completed in Spring 2021.

New Emergency Communications Center. In June 2019, the County Board approved a 20-year lease-purchase agreement of approximately 12,552 square feet (initial occupancy to be approximately 10,047 square feet) of office space to be improved by the County and additional space for parking. A substantial portion of the leased premises will be subleased to the County's exclusive emergency ambulance service provider for use as an emergency communications center. The County's improvements are estimated to cost \$4.7 million, and this project is expected to be completed in December 2020.

Rowell Building. In July 2019, the County Board approved a 20-year lease-purchase agreement relating to the Rowell Building in downtown Fresno for the District Attorney's use. The refurbished 70,495 square foot building and parking will allow the District Attorney to relocate 250 staff members from other County-owned and leased facilities. ~~The~~This project, including County tenant improvements, is estimated to be completed in Fall 2020.

Animal Control Facility. In July 2019, the County Board approved the County's purchase of vacant industrial land in the County for the development and construction of a new animal shelter. The project is estimated to cost \$7.5 million, which will be funded by County sources. ~~This~~ project is estimated to be completed in February 2021.

## **Ad Valorem Property Taxes**

**General.** The County levies *ad valorem* property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition of changes in real property assessed valuation (known as a "floating lien date") and consequent changes in taxation. In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The secured roll includes property assessed by the State Board of Equalization (property owned by public utilities, canals, pipelines within two or more counties and certain electric cogeneration facilities), real property owned by an assessee, and personal property owned by an assessee of real property and located on that real property or, at the taxpayer's request, located elsewhere if the assessor determines that the assessee's real property is adequate security for payment of the personal property taxes. The unsecured roll includes all taxable property that is not assessed on the secured roll. Typical unsecured roll assessments are for personal property not located on the assessee's land.

The tax rate is 1% of the full cash value of the taxable property. The assessor must reassess property upon a change in ownership or new construction. The assessor may increase the full cash value by no more than 2% each year to reflect inflation. The assessor may decrease the full cash value (a) to reflect reductions in the consumer price index or comparable local data for the area under taxing jurisdiction, (b) to reflect substantial damage, destruction or (c) other factors causing a decline in value. See "Constitutional and

As of April 30, 2020, the County projected property tax revenues for Fiscal Year 2019-20 to total approximately \$1.09 billion, which reflects an increase of \$52 million from Fiscal Year 2018-19. The increase is attributable to growth in assessed value. The County projects that \$103 million of the \$1.07 billion property tax revenues will be attributable to secured property tax revenues for the County's General Fund. The aggregate assessed valuation of taxable properties within the County for Fiscal Year 2019-20 of ~~86.79~~ billion reflects an increase of approximately ~~4.39~~ billion, or ~~4.51%~~, .3%, from Fiscal Year 2018-19. ~~[To be confirmed.]~~ The County cannot predict the effect the COVID-19 pandemic will have on the real estate market or assessed values in the county. The full impact will likely not be recognized on the County's tax rolls until Fiscal Year 2021-22 and the County expects that assessed values in the County will decrease in Fiscal Year 2021-22. See "Financial and Economic Information – COVID-19 and Potential Impact on County Finances".

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. Supplemental property tax revenues increase when property values increase and sales activity is high. Receipts of supplemental property taxes for the County and other taxing agencies within the County were approximately \$26.2 million in Fiscal Year 2018-19 and expected to be approximately \$27 million in Fiscal Year 2019-20.

The delinquency rate on property tax payments is approximately 0.65% higher than last year and incoming mail payments have decreased significantly compared to the prior year. [To be confirmed.] The County believes these reductions to be primarily related to the impact of the Pandemic. On May 6, 2020, the Governor signed Executive Order N-61-20 (the "Executive Order N-61-20") which, among other things, permits county tax collectors to cancel penalties, costs, and interest for property taxes not timely paid on certain properties until May 2021. The Executive Order provides that in order to be eligible for relief, the taxes owed must not have been delinquent prior to March 4, 2020, the taxpayer must timely file a claim for relief in a manner prescribed by the county tax collector, and the taxpayer must demonstrate that it has suffered economic hardship or was otherwise unable to tender timely payment due to the Pandemic or any governmental response to the Pandemic. Approximately seventy-five waivers have been received that identify the Pandemic as the reason property tax payments could not be made on time and the County intends to cancel any penalties, costs, or interest on property taxes as appropriate in accordance with the Executive Order N-61-20. The County expects the Pandemic to have a greater effect on property tax collections in Fiscal Year 2020-21 but cannot presently predict the magnitude of such effect. See "Financial and Economic Information – COVID-19 and Potential Impact on County Finances".

The following Table 5 sets forth certain information regarding County property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the County from Fiscal Years 2015-16 through 2019-20.

**TABLE 14**  
**COUNTY OF FRESNO**  
**ESTIMATED COUNTY EMPLOYER CONTRIBUTIONS AND**  
**ESTIMATED PENSION OBLIGATION BOND RELATED PAYMENTS<sup>(1)</sup>**  
**Fiscal Years 2020-21 through 2027-28**

<u>Fiscal Year</u>	<u>County's Estimated Employer Contributions</u>	<u>County's Estimated Pension Obligation Bonds Debt Service</u>	<u>Total</u>
2020-21	\$207,837,260	\$35,2908,52	\$243,128,112
2021-22	211,994,005	37,263,587	249,257,592
2022-23	216,233,886	39,268,018	255,501,904
2023-24	220,558,563	41,402,452	261,961,015
2024-25	224,969,735	43,547,802	268,517,537
2025-26	226,469,129	45,759,052	275,228,181
2026-27	234,058,512	48,056,727	282,115,239
2027-28	238,739,682	50,550,040	289,289,722

Source: County of Fresno Auditor-Controller/Treasurer-Tax Collector.

<sup>(1)</sup> Assumes 2% growth in employer contributions each year and employer contributions do not include the Courts employees.

The following Table-15 sets forth the combined total of the County's employer contribution rates and the debt service payment rates on its outstanding pension obligation bonds for each of the Association's membership tiers as a percentage of ~~covered~~ payroll for Fiscal ~~Year~~Years 2019-20 and 2020-21.

**TABLE 15**  
**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**CONTRIBUTION RATES AND DEBT SERVICE PAYMENTS**  
**ON PENSION OBLIGATION BONDS**  
**Fiscal Year Ended June 30, ~~2019~~2020 through 2021**

<u>Year Ended</u>	<u>General</u>					<u>Safety</u>			
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 4</u>	<u>Tier 5</u>
<u>FCERA Rate</u>	<del>56.69%</del>	<del>53.91%</del>	<del>53.87%</del>	<del>44.92%</del>	<del>43.05%</del>	<del>83.37%</del>	<del>83.81%</del>	<del>68.75%</del>	<del>66.02%</del>
<u>POB Rate</u>	<del>8.11</del>	<del>8.11</del>	<del>8.11</del>	<del>8.11</del>	<del>8.11</del>	<del>8.81</del>	<del>8.81</del>	<del>8.81</del>	<del>8.81</del>
<u>Total Rate</u>									
<u>June 30, 2020</u>	64.80%	62.02%	61.98%	53.03%	51.16%	92.18%	92.62%	77.56%	74.83%
<u>June 30, 2021</u>	<del>70.77%</del>	<del>67.50%</del>	<del>67.85%</del>	<del>59.77%</del>	<del>57.20%</del>	<del>95.39%</del>	<del>96.55%</del>	<del>82.26%</del>	<del>78.37%</del>

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

***Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of June 30, 2019.*** The 2019 Actuarial Valuation states the UAAL increased from \$1.091 billion as of June 30, 2018 to \$1.115 billion as of June 30, 2019 when determined on a valuation (smoothed) value of assets basis. On a market value basis, the UAAL decreased from \$1.194 billion to \$1.152 billion from June 30, 2018 to June 30, 2019. The funded ratio on a valuation value of assets basis has increased from 81.49% to 81.67%, while on a market value basis, the funded ratio has increased from 79.74% to 81.07%.

The 2019 Actuarial Valuation states that the net total unrecognized investment losses as of June 30, 2019 were approximately \$36.7 million compared to the net total unrecognized investment losses of \$103.1 million as of June 30, 2018. The 2019 Actuarial Valuation also states that these investment losses

**TABLE 20**  
**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENT RESULTS**  
**Fiscal Year ended June 30, 2010 through June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Annualized Rates of Return (Valuation Value)</b>	<b>Annualized Rates of Return (Actuarial Value)</b>	<b>Annualized Rates of Return (Market Value)</b>
2010	4.31%	3.44%	14.98%
2011	4.84	4.78	22.34
2012	6.01	5.94	(0.44)
2013	6.96	6.91	11.95
2014	8.98	9.03	16.63
2015	7.31	7.29	(0.10)
2016	4.97	4.97	(0.11)
2017	6.36	6.35	10.44
2018	6.49	6.49	7.11
2019	3.93	3.93	5.43

Sources: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2019.

**Health Benefits.** The Board of Retirement has exclusive rights to determine how undistributed earnings were lawfully used prior to the adoption of a settlement agreement in December 2000 relating to a retirement benefits formula for Tier 1 (the “Settlement Agreement”). However, under the Settlement Agreement, the Board of Retirement has taken the position that additional costs associated with the benefits provided under the settlement are to be funded first from undistributed earnings to the extent any are available. See “Transfers of Investment Earnings by the Association” herein. There were no undistributed earnings available as of June 30, 2019.

Pursuant to the Settlement Agreement, all retirees and beneficiaries ~~that were~~ who are parties to the agreement would receive an increase in monthly paid health insurance benefits of \$3.00 per full year of service. The Settlement Agreement provides this benefit to general members and safety members who are enrolled in Tier 1. The County Board extended this benefit to general members who are enrolled in Tier ~~1~~, ~~Tier-2~~, and Tier 3, and to Safety Members who are enrolled in Tier ~~1~~, ~~Tier-2~~, and Tier 4. There are 7,701 members receiving this benefit and the monthly cost is approximately \$420,000 (reflecting an average of \$54 per pay period and an average of 18 years of service). The Board of Retirement and its outside counsel have determined that that there is no cap on such benefit under the Settlement Agreement.

On October 23, 2014, the Association reported to the Board of Supervisors that approximately \$8.68 million of proceeds from the 2004 Series A Bonds that should have been allocated to the vested Health Benefit Reserve were instead allocated to the non-vested Health Benefit Reserve. As a result, some non-vested health benefits have been paid out of such funds. The Board of Retirement determined to suspend paying benefits from the non-vested Health Benefit Reserve as of November 1, 2014, not to seek recovery of these discretionary payments from individual retirees, to correct the reserve amounts as of July 1, 2013 (for Fiscal Year 2013-14) and to carry the resulting deficit in the non-vested Health Benefit Reserve going forward as a negative ancillary benefit reserve account. See “ – Transfers of Investment Earnings by the Association” herein.

**Post-Retirement Healthcare Benefits.** The County does not fund any post-retirement healthcare benefits (“OPEB”) to its employees or retirees. The County has contracts for fully insured healthcare plans for certain retirees. The premium for these plans are paid entirely by the participating retirees and the

## Insurance

The County is exposed to various risks of loss including tort liability, errors and omissions, injuries to employees, and theft, damage, and destruction of assets. The County has established the Risk Management Fund (the "Risk Management Fund"), an Internal Service Fund, to account for and finance its partial and fully uninsured risks of loss. The Risk Management Fund is operated through a combination of self-insurance and insurance purchased by the County to protect itself from claims and losses associated with commercial general liability, medical malpractice, workers' compensation, vehicle and property damage. The Risk Management Fund is also used to account for County unemployment and wellness programs, and for County-wide employee medical, prescription, dental and vision insurance coverage provided through a contract with SJVIA (as herein defined). Additional employee benefits, including disability and life insurance, as well as health insurance for retirees, are also accounted for in the Risk Management Fund.

The County is a member of the San Joaquin Valley Insurance Authority ("SJVIA"), a joint powers authority that the County created with the County of Tulare. The SJVIA serves as a purchasing coalition for the purpose of jointly purchasing health insurance. The County has achieved efficiencies in administrative and fixed costs with the use of the SJVIA. The SJVIA is governed by a seven-member Board of Directors that consists of four members appointed by the County Board and three members appointed by County of Tulare. The County's Auditor-Controller/Treasurer-Tax Collector acts as Auditor-Treasurer of the SJVIA. Currently, the County and the County of Tulare are the only entities participating in the SJVIA. Additional local agencies may join the SJVIA upon approval by its Board of Directors.

Commercial general liability coverage is self-insured up to a maximum of \$750,000 per claim. Coverage above \$750,000, up to a maximum amount of \$25,000,000, is provided through a risk pool agreement with the Public Risk Innovation Solutions and Management ("PRISM") Program. PRISM was formerly known as the California State Association of Counties Excess Insurance Authority (the "CSAC-EIA"). The risk pool is reinsured through commercial companies from \$5,000,000 to \$25,000,000 per claim.

~~County~~The County's property coverage is insured through a property policy provided through the PRISM Program. The policy has and includes several layers of insurance coverage. The primary limit of up to is \$25,000,000 per occurrence, which is subject to a \$25,000 deductible per claim. This policy includes sublimits for capital projects (up to \$100,000,000). [To be confirmed.] A service interruption sublimit of up to \$2,000,000 is included under boiler all-risk, flood and earthquake coverage. The program also provides excess additional layers of insurance coverage with limits that vary based on the type of loss: \$600,000,000 in all-risk coverage, \$225,000,000 for flood coverage (\$200,000,000 in high hazard areas), and \$25,000,000 for earthquake coverage. Boiler and machinery coverage. A sublimit of \$750,000,000 for property losses arising from acts is included up to \$100,000,000. These limits on these excess layers of terrorism is also included in coverage are not exclusive to the property policy and applies to each and every occurrence and in County but apply to groups of participants in PRISM. There are also several all-risk coverage excess layers of insurance sub-limits within the annual aggregate is shared property coverage policy subject to deductibles that are self-insured by all members of CSAC EIA (as defined herein). the County.

Cyber liability coverage is self-insured up to a maximum of \$100,000 per claim. Coverage above \$100,000 is provided through a risk pool agreement with ~~the California State Association of Counties Excess Insurance Authority~~.PRISM. Policy limits vary based on the type of loss.

The County is fully self-insured for its medical malpractice exposure arising from providing public medical and mental health services. Prior to October 7, 1996, the County operated an acute hospital. The medical staff and resident physicians were covered by the University of California at San Francisco. The

non-physician staff was covered by the County’s self-insurance plan. After that date, the operation of the hospital was contracted to a local private non-profit hospital. The medical malpractice exposure arising from County operation of the hospital will diminish over time. On March 25, 2014, medical and mental health services for the County’s correctional facilities was contracted to a third-party provider, who is required to maintain its own medical malpractice coverage for exposure under the contract. The current provider of these services is California Forensic Medical Group, doing business as Wellpath. The County employs several physicians and nurses to provide medical services for the County’s mental and public health programs. It also employs forensic pathologists and autopsy technicians for coroner services. These medical professionals are covered by the County’s self-insured medical malpractice program.

Self-insured workers’ compensation coverage is provided up to a maximum of \$500,000 per incident. Coverage above \$500,000 is provided by participation in a risk pool agreement with ~~CSAC~~ ELAPRISM that provides statutory coverage. The risk pool is reinsured through commercial companies from \$5,000,001 to the statutory limit.

Annual contributions are made by the County to the workers’ compensation, general liability and medical malpractice programs based upon actuarially recommended funding levels. The reserve for each program includes the estimated liability for claims filed against the County as well as the estimated cost of claims incurred but not reported, as projected by an independent actuary. Contributions to the fire and property, unemployment and vehicle damage programs are based on actual historical claim loss experience.

Settled claims for all programs have not exceeded the commercial coverage in any of the past three fiscal years. The claims liability of \$84,395,000 reported in the Risk Management Fund at June 30, 2019 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The ending balance was equal to the beginning Fiscal Year 2018-19 liability of \$80,615,000, plus Fiscal Year 2018-19 claims provision and changes in estimates of \$38,423,000, minus claim payments of \$34,643,000.

The following Table 21 sets forth the Risk Management Fund’s claims liability amount for self-insurance in Fiscal Years 2014-15 through 2018-19.

**TABLE 21**  
**COUNTY OF FRESNO**  
**RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE**  
**Fiscal Years 2014-15 through 2018-19**  
**(\$ in thousands)**

<u>Fiscal Year</u>	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims Provision and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2014-15	\$87,620	\$11,215	\$(13,030)	\$85,805
2015-16	85,805	12,066	(17,635)	80,236
2016-17	80,236	16,381	(18,910)	77,707
2017-18	77,707	22,366	(19,458)	80,615
2018-19	80,615	38,423	(34,643)	84,395
<u>2019-20<sup>(1)</sup></u>				

Source: County of Fresno Comprehensive Annual Financial Report for Fiscal Years 2014-15 through 2018-19.

<sup>(1)</sup> Estimated.

**TABLE 26**  
**COUNTY OF FRESNO**  
**MINIMUM CAPITAL LEASE PAYMENTS**  
**As of June 30, 2019**  
**(\$ in thousands)**

<b>Government Activities (Fiscal Year ended June 30)</b>	<b>Total Payments</b>	<b>Imputed Interest</b>	<b>Present Value of Net Minimum Lease Payments</b>
2020	\$1,244	\$131	\$1,113
2021	1,073	76	997
2022	788	33	755
2023	<u>295</u>	<u>6</u>	<u>289</u>
Total	<u>\$3,400</u>	<u>\$246</u>	<u>\$3,154</u>

Source: County of Fresno, Comprehensive Annual Financial Report as of June 30, 2019.

**Direct and Overlapping Debt**

Set forth in the following Table 27 on the following page is a direct and overlapping bonded indebtedness report as of ~~May 1, 2020~~ (the “Debt Report”) which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

**TABLE 27**  
**COUNTY OF FRESNO**  
**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT**  
**As of [May 1, 2020]**

~~**{To come.}**~~

2019-20 Assessed Valuation: \$86,787,810,797 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/20
Merced Community College District School Facilities Improvement District No. 2	2.684%	\$ 177,274
State Center Community College District	83.256	129,604,615
West Hills Community College District and School Facilities Improvement Districts	26.611-99.586	36,978,552
Central Unified School District	100.	151,667,733
Clovis Unified School District	100.	345,203,326
Fresno Unified School District	100.	541,355,093
Kings Canyon Joint Unified School District	91.146	69,244,220
Sanger Unified School District	100.	174,284,481
Other Unified School Districts	Various	274,250,017
High School and School Districts	Various	47,843,074
City of Selma	100.	3,840,000
Hospital Districts	100.	22,290,000
Coalinga-Huron Recreation and Park District	100.	9,135,000
California Statewide Community Development Authority		
Community Facilities District No. 2012-01	100.	4,125,000
City Community Facilities Districts	100.	3,075,000
1915 Act Bonds (Estimated)	100.	5,550,452
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,818,623,837</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>		
<b>Fresno County General Fund Obligations</b>	<b>100. %</b>	<b>\$ 33,150,000<sup>(1)</sup></b>
<b>Fresno County Pension Obligation Bonds</b>	<b>100.</b>	<b>228,022,749</b>
College Community College District General Fund Obligations	Various	7,818,715
Central Unified School District Certificates of Participation	100.	30,947,550
Clovis Unified School District General Fund Obligations	100.	8,045,000
Fresno Unified School District General Fund Obligations	100.	14,380,000
Sanger Unified School District Certificates of Participation	100.	39,720,000
Other School District General Fund Obligations	Various	38,164,428
City of Clovis General Fund Obligations	100.	7,992,401
City of Fresno General Fund and Judgment Obligations	100.	155,960,313
City of Fresno Pension Obligation Bonds	100.	116,160,000
Other City General Fund Obligations	100.	11,068,087
Coalinga Regional Medical Center General Fund Obligations	100.	3,990,000
Clovis Memorial Water District General Fund Obligations	100.	3,470,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$698,889,243</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</b>	<b>100. %</b>	<b>\$53,540,425</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$2,571,053,505<sup>(2)</sup></b>

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	2.10%
<b>Combined Direct Debt (\$261,172,749) .....</b>	<b>0.30%</b>
Combined Total Debt .....	2.96%

Ratios to Redevelopment Incremental Valuation (\$6,041,748,942):

Total Overlapping Tax Increment Debt .....	0.89%
--	-------



those securities, the County does not anticipate that it will realize any losses with respect to such investments since the County intends to hold such investments until their maturity. However, unexpected withdrawals from the Treasury Investment Pool could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals occur infrequently and thus are considered unlikely by the County, based on historical withdrawal patterns relating to the Treasury Investment Pool. The Treasury Investment Pool represents monies entrusted to the Auditor-Controller/Treasurer-Tax Collector by the County, schools and special districts within the County.

State law requires that all monies of the County, school districts, and certain special districts be held by the Auditor-Controller/Treasurer-Tax Collector. As of March 31, 2020, 21.86% of the amounts in the Treasury Investment Pool, exclusive of the amounts resulting from County short-term borrowing, are attributable to the County. Approximately 45.68% of the amounts in the Treasury Investment Pool are attributable to school districts, which are required by law to make deposits in the Treasury Investment Pool. Monies deposited in the Treasury Investment Pool by the participants represent an individual interest in all assets and investments in the Treasury Investment Pool based upon the amount deposited. All income is distributed to the participants based upon their average daily balance.

As of March 31, 2020, Treasury Investment Pool market-to-book value analysis indicated a less than 2.5% appreciation because of fluctuations in interest rates. Current liquidity in the Treasury Investment Pool, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 9.8% as of March 31, 2020. The Auditor-Controller/Treasurer-Tax Collector calculates and apportions interest quarterly. The weighted average years-to-maturity for the month ended March 31, 2020 was 2.11 years.

Derivatives such as inverse-floating rate securities are not held in the Treasury Investment Pool. The Treasury Investment Pool also does not own any reverse repurchase agreements, nor has the County engaged in securities lending. The Treasury Investment Pool has not purchased and does not own any securities, such as collateralized debt obligations or collateralized loan obligations, that are backed by or derived from sub-prime or Alt-A mortgages.

As of March 31, 2020, approximately 31.1% of the Treasury Investment Pool's portfolio was comprised of securities with a maturity of less than one year, 18.0% was invested in securities with maturities ranging from one to two years, 16.1% was invested in securities with maturities ranging from two to three years, 18.0% was invested in securities with maturities ranging from three to four years and 16.8% was invested in securities with maturities ranging from four to five years.

The value of the various investments in the Treasury Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Treasury Investment Pool will not vary from the values described herein.

As of March 31, 2020, the market value of on the Treasury Investment Pool was \$4,177,799,967, the amortized book value was \$4,075,938,325, the book yield was 2.0% and the effective duration was 1.94 years. The following Table 28 reflects various information with respect to the Treasury Investment Pool as of the close of business on March 31, 2020. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Treasury Investment Policy. For additional information concerning County investments, see Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019” attached to this Official Statement.

includes an adjustment to the county IHSS Maintenance of Effort (“MOE”) downward to \$1.56 billion along with a reduction of the inflation factor to 4% (down from 7%) in Fiscal Year 2019-20. In connection with these adjustments, counties will be subject to a one-time 1991 Realignment withholding, effective October 1, 2019, if they fail to meet certain requirements related to collective IHSS bargaining agreements. The language authorizing the withholding will become inoperative on January 1, 2021.

4. The Fiscal Year 2019-20 State Budget Act includes \$134 million in one-time General Fund moneys to be provided to counties to replace voting systems and improve election technology.

5. The Fiscal Year 2019-20 State Budget Act includes approximately \$40 million in relief to local governments impacted by natural disasters, with a significant amount of this funding provided directly to counties, including \$15 million for disaster-impacted counties. The Fiscal Year 2019-20 State Budget Act also includes \$19.2 million for local disaster and emergency preparedness plans.

6. The Fiscal Year 2019-20 State Budget Act includes \$2.1 billion for Medi-Cal county eligibility determination activities based on projected growth in the California Consumer Price Index.

7. The Fiscal Year 2019-20 State Budget Act includes an increase of \$56 million for local county child support agencies in Fiscal Year 2019-20. This funding will be provided through an interim methodology for Fiscal Year 2019-20.

8. The Fiscal Year 2019-20 State Budget Act includes \$112.8 million to continue the Community Corrections Performance Incentive Grant Program.

### **State Budget for Fiscal Year 2020-21**

On January 10, 2020, the Governor released the 2020-21 Proposed State Budget. The 2020-21 Proposed State Budget proposed a multi-year plan that at the time was projected to result in balanced General Fund budgets with positive operating reserves through Fiscal Year 2023-24. However, the 2020-21 Proposed State Budget preceded the COVID-19 pandemic and therefore did not take into account the adverse impacts it will have on the State’s financial condition. The State subsequently determined that the projections of revenues and expenditures in the 2020-21 Proposed State Budget are no longer operative and will be significantly revised. The State Director of Finance issued a Budget Letter on March 24, 2020, informing all State departments that the Department of Finance will reevaluate all budget changes for the May Revision to the 2020-21 Proposed State Budget (the “2020-21 May Revision”), subject to the availability of funding. See “Financial and Economic Information – COVID-19 and Potential Impact on County Finances”.

*May Revision to the Fiscal Year 2020-21 Proposed State Budget.* ~~[To be updated.]~~ On May ~~14,~~ 2020, the Governor released his 2020-21 May Revision to the Fiscal Year 2020-21 Proposed State Budget (the “May Revision”), ~~which project~~). The May Revision reflects the current and projected impacts of the Pandemic on the State’s economy, including a projected decline of \$41 billion in general fund revenues. This decline in revenues, among other things such as increased costs in health and human services programs, lead to a projected budget deficit of approximately \$54 billion prior to the implementation of the budget proposals in the May Revision. The May Revision projects Fiscal Year 2020-21 State General Fund total available resources of ~~\$—\$139.0~~ billion (being revenues and transfers of ~~\$—\$137.4~~ billion and prior year’s balance of ~~\$—\$1.6~~ billion), total expenditures of ~~\$—\$133.9~~ billion and a year-end surplus of ~~\$—\$5.1~~ billion (~~\$—million~~~~(\$3.2 billion~~ of which would be reserved for the liquidation of encumbrances and ~~\$—\$2.0~~ billion of which would be deposited in a reserve for economic uncertainties), and ~~\$—\$8.4~~ billion being on deposit in the ~~Budget Stabilization Account—State’s Rainy Day Fund.~~ In addition, the May Revision projects \$450 million being on deposit in the Safety Net Reserve.

Features of the May Revision affecting counties in general include, but are not limited to, the following: ~~[To be updated with release of May Revision.]~~

1. The May Revision includes a distribution of approximately \$1.3 billion in CARES Act funds to California counties for public health, behavioral health and other health and human services programs.

2. The May Revision realigns responsibility for juvenile offenders from the Division of Juvenile Justice to counties. The May Revision proposes to stop intake of juvenile offenders effective January 1, 2021 and begin closure of all three state juvenile facilities while directing a portion of the State's savings to county probation departments to support local juvenile detention facilities.

3. The May Revision updates revenue assumptions for health and human services under the 1991 Realignment and 2011 Realignment due to a projected 13% reduction in sales tax and vehicle license fee revenues from Fiscal Year 2018-19 to 2019-20. These changes result in, among other things, a reduction in base funding for social services, protective services and health services under 1991 Realignment and 2011 Realignment of approximately \$735 million. The May Revision also updates revenue assumptions for the 2011 Public Safety Realignment, resulting in a reduction in base funding for community corrections under 2011 Public Safety Realignment of \$214 million.

4. The May Revision includes \$14.7 billion in funding for IHSS, of which \$4.3 billion in from the State general fund. The May Revision freezes IHSS county administration funding at the 2019-20 level. Although this freeze is not expected to occur if sufficient federal funds are available.

5. The May Revision includes an increase of \$82.3 million for California Work Opportunity and Responsibility to Kids ("CalWORKs") county administration for increased enrollment in the program and other services.

6. The May Revision proposes delaying the California Advancing and Innovating Medi-Cal program indefinitely, which included \$40 million in direct funding for counties under the program.

In addition, in order to enact a balanced budget, the State has taken a number of actions in the May Revision to address the Pandemic and its effect on the State's finances and operations, including the following:

1. The May Revision cancels \$6.1 billion in program expansions and spending increases, including canceling or reducing one-time expenditures included in the Fiscal Year 2019-20 State Budget Act.

2. The May Revision redirects \$2.4 billion in extraordinary payments to CalPERS to temporarily offset the State's obligations to CalPERS in Fiscal Years 2020-21 and 2021-22.

3. The May Revision draws down \$16.2 billion from the State's Rainy Day Fund over three years and allocates the Safety Net Reserve to offset increased costs in health and human services programs over the next two years. The May Revision reflects the withdrawal of \$8.3 billion in Fiscal Year 2020-21 (including \$7.8 billion from the Rainy Day Fund and \$450 million from the Safety Net Reserve).

4. The May Revision includes the borrowing and transfer of \$4.1 billion from special funds.

5. The May Revision temporarily suspends net operating losses and temporarily limits the amount of credits a taxpayer can use in a given tax year to \$5 million. These limitations are expected to generate new revenue of \$4.4 billion in Fiscal Year 2020-21, \$3.3 billion in Fiscal Year 2021-22, and \$1.5 billion in Fiscal Year 2022-23 to increase funding for schools and community colleges and maintain core services.

## APPENDIX E

### FORM OF BOND COUNSEL OPINION

*Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the County, proposes to issue an approving opinion in substantially the following form:*

Board of Supervisors of the  
County of Fresno  
Fresno, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Fresno, California (the “County”) in connection with the issuance of its \$[Principal Amount]\* aggregate principal amount of 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) issued pursuant to and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on ~~BRD~~ May 26, 2020 (the “Resolution”), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the “Act”).

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the County, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the County relating to certain federal income tax matters (the “Tax Certificate”), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

- (1) The Notes constitute the valid and binding obligations of the County.
- (2) As provided in the Act, the Notes and the interest thereon are general obligations of the County and are secured by a pledge of certain taxes, income, revenue, cash receipts, and other moneys of the County, all as specified in the Resolution. Pursuant to the Act and the Resolution, the County has pledged from the Unrestricted Revenues (as defined in the Resolution) lawfully available for the payment of principal of and interest on the Notes as security for the Notes. To the extent not paid from certain Unrestricted Revenues pledged for the payment thereof, the Notes shall be paid with the interest thereon from any other Unrestricted Revenues lawfully available therefor, as specified in the Resolution.
- (3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.
- (4) Interest on the Notes is exempt from State of California personal income tax.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain not included for Federal income tax purposes in