REVISED

JOINT MEETING OF THE CITY COUNCIL AND PUBLIC FINANCING AUTHORITY
REGULAR MEETING AGENDA

Wednesday, August 27, 2025 at 6:00 PM

Kerman City Hall, 850 S. Madera Avenue, Kerman, CA 93630

LEVINE ACT CONTRIBUTION PROHIBITIONS AND MANDATORY DISCLOSURE. The Political Reform Act in Govt Code Section 84308 restricts campaign contributions over $500 to a decision-making public official from a party or participant or their agent in a proceeding involving a contract, license, permit or entitlement for use. The Act requires disclosure of the contribution and recusal where a decision-maker has received $500 or more from a party or participant to a proceeding in the prior 12 months. Participants and agents are required to make this disclosure as well.

A Council Member's disclosure should be made when the agenda item is called and must include the name of the party, participant, or agent, and any other person making the contribution, the name of the recipient, the amount of the contribution, and the date the contribution was made.

CONFLICT OF INTEREST DISCLOSURES AND RECUSAL. City Council Members with a conflict of interest under the Political Reform Act are required to make disclosure when the item is called and recuse themselves.

1. **OPENING CEREMONIES**

   A. Call to Order

   B. Roll Call

   C. Invocation

   D. Flag Salute

2. **AGENDA APPROVAL/ADDITIONS/DELETIONS**
   To accommodate members of the public or convenience in the order of presentation, items on the agenda may not be presented or acted upon in the order listed.

3. **PRESENTATIONS/CEREMONIAL MATTERS**

   A. Proclamation - Suicide Prevention Week

   B. Presentation - Paul Dictos, County of Fresno Assessor's Office

4. **PUBLIC FORUM** (*for matters not on agenda)*
This portion of the meeting is reserved for members of the public to address the Council on items of interest that are not on the Agenda and are within the subject matter jurisdiction of the Council. Speakers shall be limited to three minutes. It is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Council on items on the Agenda should notify the Mayor when that Agenda item is called, and the Mayor will recognize your discussion at that time. It should be noted that the Council is prohibited by law from taking any action on matters discussed that are not on the Agenda. Speakers are asked to please use the microphone, and provide their name and address.

5. **CONSENT CALENDAR**
Matters listed under the Consent Calendar are considered routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, a member of the audience or a Council Member may request an item be removed from the Consent Calendar and it will be considered separately.

A. **SUBJECT:** Minutes - August 13, 2025

RECOMMENDATION: Council by motion approve minutes as presented.

B. **SUBJECT:** Warrants (JA)
1. Nos. 32646-32736 $4,134,404.11 ACH $844,771.60.

RECOMMENDATION: Council approve warrants and electronic bank transfers as presented. (Pursuant to Government Code 37208)

C. **SUBJECT**: Payroll (JA)
07/20/2025 to 08/02/2025: $270,774.50: Retro Pay & Other: $3,602.81; Overtime: $11,591.84; Holiday: $0.00 Standby: $1,821.13; Comp Time Earned: 70.74

D. **SUBJECT:** Monthly Investment Report

RECOMMENDATION: Council accept monthly investment report as presented.

E. **SUBJECT:** Approval of Parcel Map 2023-01 and Acceptance of Dedications on Behalf of the Public (JG)

RECOMMENDATION: Council by motion adopt a resolution approving Parcel Map 2023-01 and accepting dedications on behalf of the public.

F. **SUBJECT:** Consideration of Resolution Approving Amendment to Contract for City Attorney Services (JAJ)

RECOMMENDATION: Council by motion adopt resolution approving Amendment Number Four (4) to Contract for City Attorney Services with Montoy Law Corporation.

G. **SUBJECT:** Updated Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan (JAJ)

RECOMMENDATION: Council by motion adopt a resolution approving the updated Fresno County Multi-Jurisdictional Hazard Mitigation Plan.

6. **PUBLIC HEARINGS – Revised order to attachments for Items 6.A and 6.B**
These hearings are scheduled at the time stated and will be heard by the Council as close to the time stated as possible.

Council to convene in Joint Session with the Public Financing Authority for Items A and B

A. **SUBJECT:** Consideration of a Resolution of City Council of the City of Kerman Authorizing the Issuance and Sale of 2025 Lease Revenue Bonds (JA)

RECOMMENDATION: City Council by motion adopt resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents and Directing Execution of Certain Related Actions in Connection with Financial Capital Improvements for the issuance and sale of 2025 Lease Revenue Bonds.

B. **SUBJECT:** Consideration of a Resolution of Board of Directors of the City of Kerman Public Financing Authority authorizing the issuance and sale of 2025 Lease Revenue Bonds (JA)

RECOMMENDATION: That the Board, by motion, adopt resolution approving, authorizing and directing the issuance and Sale of Lease Revenue Bonds in an amount not to exceed $25,000,000 to assist the City of Kerman in financing capital improvements, and approving related documents and actions for issuance and sale of 2025 Lease Revenue Bonds.

C. **SUBJECT:** Consideration of Resolution Approving Agreement with Fieldman, Rolapp & Associates for Continuing Disclosure Services Pertaining to Securities Management (JAJ)

RECOMMENDATION: Council by motion adopt resolution approving agreement with Fieldman, Rolapp & Associates for Continuing Disclosure Services pertaining to Securities Management

Adjourn Public Financing Authority and Reconvene as City Council

7. **DEPARTMENT REPORTS**

A. **SUBJECT:** Resolution Approving Final Map, Subdivision Agreement, Right-to-Farm Covenant, Landscape and Lighting District Covenant and Accepting Dedication of Right-of-Way for Public Street and Utility Purposes for Vesting Tract Map No. 6447 (JG)

RECOMMENDATION: Council by motion adopt resolution pertaining to Tract No. 6447 as follows:

1. Approving Final Map and Subdivision Agreement

2. Approving Covenant Acknowledging Right To Farm Law

3. Approving Covenant Accepting Annexation into Landscape and Lighting District No. 1

4. Accepting Dedication of Right-of-Way for Public Street and Utility Purposes

5. Authorizing the Mayor and City Manager to sign the Subdivision Agreement and Covenants as appropriate.

8. **CITY MANAGER/STAFF COMMUNICATIONS**

9. **MAYOR/COUNCIL REPORTS/ANNOUNCEMENTS/FUTURE AGENDA ITEMS**
(This portion of the meeting is reserved for the Mayor and Council Members (i) to make brief reports on boards, committees, and other public agencies, and at public events, (ii) to request updates, (iii) to initiate future agenda items at the request of a Council Member, and (iv) to take action on matters initiated under this section of the agenda items. Under this section the Council may take action only on items specifically agendized and which meet other requirements for action.)

10. **CLOSED SESSION**
If desired, members of the public may comment on Closed Session items. Members of the public wishing to address Council on Closed Session items should notify the Mayor when that item is called, and the Mayor will recognize your discussion at that time. It should be noted that Council is prohibited from discussing or addressing comments on Closed Session items.

A. Public Employee Performance Evaluation pursuant to Government Code Section 54957 Title: City Manager

B. Conference with Labor Negotiators pursuant to Government Code Section 54957.6
City Designated Representatives: Mayor Pacheco and Mayor Pro Tem Yep
Unrepresented Employee: City Manager

11. **ADJOURNMENT**

NOTICE OF AVAILABILITY OF AGENDA MATERIALS: Any writings or documents provided to a majority of the City Council within 72 hours of the meeting regarding any item on this agenda will be made available for public inspection at the City Clerk's Office located at 850 S. Madera Ave., Kerman, CA 93630 and on the City website at www.cityofkerman.net.

ADA Compliance and Reasonable Accommodation. The Council has adopted a Reasonable Accommodation Policy, which is available on the City website at www.cityofkerman.net or upon request by emailing the City Clerk at publicmeeting@cityofkerman.org or calling (559) 550-1414. The Policy provides a procedure for receiving and resolving requests for accommodation to participate in this meeting. If you need assistance in order to attend this Council meeting or require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the Council, please contact the City Clerk at (559) 550-1414 or email at publicmeeting@cityofkerman.org so such aids or services can be arranged. Accommodations should be requested as early as possible as additional time may be required in order to provide the requested accommodation. The meeting room is accessible to persons with physical disabilities.

AGENDA POSTING CERTIFICATION

I, Josie Camacho, City Clerk for the City of Kerman, do hereby declare under penalty of perjury that I caused the above agenda to be posted at City of Kerman Council Chambers at 850 S. Madera Ave., Kerman, CA 93630 and on the City website at www.cityofkerman.net.

Date: August 25, 2025 /s/ Josie Camacho, City Clerk

PROCLAMATION
Kerman City Council

SUICIDE PREVENTION WEEK

SEPTEMBER 7, 2025 - SEPTEMBER 13, 2025

WHEREAS, September 7 through September 13, 2025, is recognized across the United States as Suicide Prevention Week and provides an opportunity to educate our community about warning signs and how best to support those most in need.

WHEREAS, suicide is a national and statewide public mental health problem which occurs among all age groups and across all socioeconomic, racial and ethnic backgrounds, is the 11th leading cause of death in the United States, and the 2nd leading cause of death among individuals between the ages of 25 to 34; and

WHEREAS, more than 45,000 people die by suicide each year in the United States — leaving thousands of families, friends, and communities forever impacted by their loss; and

WHEREAS, the stigma associated with mental illness and suicidality hinders suicide prevention by discouraging those at risk for suicide from seeking life-saving help, while also further traumatizing survivors of suicide; and

WHEREAS, suicide is preventable, and it is appropriate for a week to be set aside each year to dedicate our thoughts to improving the mental health of all Kerman residents and raising awareness about suicide.

NOW THEREFORE, BE IT PROCLAIMED that the Kerman City Council do hereby proclaim **September 7, 2025 through 13, 2025** in Kerman as National Suicide Prevention Week, and encourages the community to raise awareness of the mental health needs of children, adults, and seniors as fundamental to a healthy and thriving community.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Kerman to be affixed on this 27th day of August 2025.

_____
Maria Pacheco
Mayor

CITY COUNCIL REGULAR MEETING MINUTES

Wednesday, August 13, 2025 at 6:00 PM

Kerman City Hall, 850 S. Madera Avenue, Kerman, CA 93630

1. OPENING CEREMONIES

A. Call to Order - **6:02 p.m.**

B. Roll Call - **All present**

C. Invocation - **Performed by Mayor Pacheco**

D. Flag Salute - **Performed**

2. AGENDA APPROVAL/ADDITIONS/DELETIONS

Motion made by Councilmember Hall, Seconded by Councilmember Herrera, to move Item 7.C up to be heard before Item 7.A
Ayes: Hall, Herrera, Dhaliwal, Yep, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

3. PRESENTATIONS/CEREMONIAL MATTERS

None.

4. PUBLIC FORUM

None.

5. CONSENT CALENDAR

Motion made to approve the consent calendar, excluding item 5.H, which was pulled for discussion by Mayor Pro Tem Yep, Seconded by Councilmember Herrera.
Ayes: Yep, Herrera, Dhaliwal, Hall, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

A. SUBJECT: Minutes - July 23, 2025

RECOMMENDATION: Council approved minutes as presented.

B. SUBJECT: Payroll (JA)
07/06/2025 to 07/19/2025: $278,342.12; Retro Pay & Other: $7,547.07; Overtime: $9,328.21; Standby: $1,702.67; Comp Time Earned: 24.38

RECOMMENDATION: Council approve payroll as presented.

C. SUBJECT: Resolution concerning Local Transportation Purposes Funds (Measure C) (JA)

RECOMMENDATION: Council by motion adopt resolution approving submittal of Local Transportation Purposes Certification and Claim for Fiscal Year 2025/2026 (Measure C). **- Res. 25-55**

D. SUBJECT: California for All Animals UC Davis Shelter Services Grant (SW)

RECOMMENDATION: Council by motion adopt resolution accepting grant funds and approving Shelter Services Agreement with Regents of the University of California relating to statewide animal assistance program. **- Res. 25-56**

E. SUBJECT: Amendment to Agreement with Muniservices, LLC (JA)

RECOMMENDATION: Council by motion adopt resolution approving Amendment No. 3 to Consultant Services Agreement with Muniservices, LLC and authorize the City Manager to sign. **- Res. 25-57**

F. SUBJECT: Amendment to Joint Powers Agreement of the Central San Joaquin Valley Risk Management Authority (JA)

RECOMMENDATION: Council by motion adopt resolution approving amendment to Joint Powers Agreement of the Central San Joaquin Valley Risk Management Authority. **- Res. 25-58**

G. SUBJECT: City Council Designate Mayor Pacheco and Councilmember Herrera as Voting Delegates and Alternate at the California League of Cities Annual Conference and Expo (Cal Cities) on behalf of the City of Kerman (JC)

RECOMMENDATION: Council by motion approve the designation of Mayor Pacheco as a voting delegate and Councilmember Herrera as alternate on behalf of the City at the California League of Cities Annual Conference and Expo in Long Beach.

H. SUBJECT: Consideration of Resolution Approving Lease with Kerman Telephone Co., a California Corporation dba Sebastian for Equipment Installation on City-Owned Tower Located City Corporation Yard, Including Portions of APNs: 023-060-63u, 023-060-64, 023-060-65st, and 023-060-69st Commonly Known as 15201 W. California Avenue, Kerman, CA (JAJ)

RECOMMENDATION: Council by motion adopt resolution approving Lease with Kerman Telephone Co., a California corporation dba Sebastian for equipment installation on City-owned tower located City Corporation Yard, including portions of APN(s): 023-060-63u, 023-060-64, 023-060-65st, and 023-060-69st commonly known as 15201 W. California Avenue, Kerman, California 93630. **- Res. 25-59**

ITEM 5.H - Motion made to approve with the modifications noted to the agreement by Mayor Pro Tem Yep, Seconded by Councilmember Herrera.
Ayes: Yep, Herrera, Hall, Dhaliwal, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

I. **SUBJECT:** Reimbursement of Capital Expenditures from Proceeds of Tax-Exempt Obligations (JA)

RECOMMENDATION: Council by motion adopt resolution declaring intention to reimburse expenditures from proceeds of tax-exempt obligations. **- Res. 25-60**

J. **SUBJECT:** Amendment to Joint Exercise of Powers Agreement for the Kerman Public Financing Authority (JA)

RECOMMENDATION: Council by motion authorize execution and delivery of first amendment to joint exercise of powers agreement. **- Res. 25-61**

6. PUBLIC HEARINGS - Opened - 6:10 p.m.

A. **SUBJECT:** Resolution Confirming and Ordering Tract 6430 Annexation into Kerman Landscaping and Lighting District No. 1, Area 16, and Establishing a Levy of Assessments for the Annexed Territory (JG)

RECOMMENDATION: Council by motion adopt resolution confirming and ordering Tract 6430 annexation into Kerman Landscaping and Lighting District No. 1, Area 16, and establishing a Levy of Assessments for the annexed territory. **- Res. 25-62**

Closed - 6:15 p.m.

Public Comment: Ken Boyd

Motion made by Mayor Pro Tem Yep, Seconded by Councilmember Hall
Ayes: Yep, Hall, Herrera, Dhaliwal, Pacheco
Noes: None
Abstain: None

Absent: None
Motion passes 5-0-0-0

7. DEPARTMENT REPORTS

A. SUBJECT: Establishing Regular Meetings of the Kerman Public Financing Authority (JA)

RECOMMENDATION: Board of directors of the Financing Authority by motion adopt resolution establishing regular meetings and approving related actions. - **PFA Res. 25-01**

Motion made to by Councilmember Hall, Seconded by Councilmember Herrera.
Ayes: Hall, Herrera, Yep, Dhaliwal, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

B. SUBJECT: Resolution Authorizing Assignment of Lease from City of Kerman to the Kerman Public Financing Authority for 942 South Madera Avenue (JAJ), (JA)

RECOMMENDATION: Council by motion adopt resolution approving assignment of lease of 942 South Madera Avenue from the City of Kerman to the Kerman Public Financing Authority for the purpose of facilitating the capital projects funding program of the City. **- Res. 25-63**

Motion made by Councilmember Herrera, Seconded by Councilmember Hall.
Ayes: Herrera, Hall, Yep, Dhaliwal, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

C. SUBJECT: Resolution Approving Final Map, Subdivision Agreement, Right-to-Farm Covenant, Landscape and Lighting District Covenant, Temporary Storm Drainage Basin Covenant and Acccepting Dedication of Right-of-Way for Public Street and Utility Purposes for Tract No. 6430 (JG)

RECOMMENDATION: Council by motion adopt resolution pertaining to Tract No. 6430 as follows:

1. Approving Final Map and Subdivision Agreement
2. Approving Covenant Acknowledging Right To Farm Law
3. Approving Covenant Accepting Annexation into Landscape and Lighting District No. 1
4. Approving Covenant and Agreement for Temporary Storm Drainage Basin Use
5. Accepting Dedication of Right-of-Way for Public Street and Utility Purposes over a portion of APN 020-160-18S

6. Authorizing the Mayor and City Manager to sign the Subdivision Agreement and Covenants as appropriate.- **Res. 25-64**

Public Comment: Ken Boyd, Cherie Smith

Motion made by Councilmember Yep, Seconded by Councilmember Dhaliwal.
Ayes: Yep, Dhaliwal, Herrera, Hall, Pacheco
Noes: None
Abstain: None
Absent: None
Motion passes 5-0-0-0

8. CITY MANAGER/STAFF COMMUNICATIONS

Staff was directed to note gift ideas shared by Mayor Pro Tem Yep, pistachios or a Kerman population-themed souvenir, for the next Kannami visit.

A potential future agenda item is requested regarding downtown parking.

Staff was directed to provide an update regarding the Darden Project.

9. MAYOR/COUNCIL REPORTS/ANNOUNCEMENTS/FUTURE AGENDA ITEMS

10. CLOSED SESSION – None

11. ADJOURNMENT - 6:54 p.m.

MINUTES CERTIFICATION

I, Josie Camacho, City Clerk for the City of Kerman, do hereby declare under penalty of perjury that the above minutes are a true depiction of all actions taken at the City Council meeting held on the first date above written at Kerman City Hall, 850 S. Madera Ave, Kerman, CA.

Date: August 14, 2025 /s/ Josie Camacho, City Clerk

Accounts Payable

Checks by Date - Summary by Check Date

User: VSandoval
Printed: 8/15/2025 3:37 PM

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	10522	CALPERS	07/14/2025	464,273.00
			Total for 7/14/2025:	464,273.00
ACH	12521	EDIS	07/15/2025	164.50
			Total for 7/15/2025:	164.50
ACH	10522	CALPERS	07/16/2025	388.74
32464	11493	24 / 7 PET VETS	07/16/2025	256.50
32465	10021	ALERT O LITE	07/16/2025	251.14
32466	10040	AT&T MOBILITY	07/16/2025	3,973.76
32467	11324	AVISON CONSTRUCTION INC	07/16/2025	1,331,745.63
32468	11917	BLAIS & ASSOCIATES LLC	07/16/2025	14,848.00
32469	10056	BOGIE'S PUMP SYSTEMS	07/16/2025	351.93
32470	10617	C A REDING CO INC	07/16/2025	67.14
32472	10106	CON EDISON CLEAN ENERGY	07/16/2025	25,540.40
32473	10108	COOKS COMMUNICATIONS CORP	07/16/2025	31,254.17
32474	10109	AUDITOR CONTROLLER/TREASURER	07/16/2025	5,248.07
32475	10826	CROWN SERVICES CORPORATION	07/16/2025	310.00
32476	10114	CROWN SHORT LOAD CONCRETE	07/16/2025	1,959.37
32477	12114	D & S PLUMBING HEATING & AIR	07/16/2025	350.00
32478	10128	DEPARTMENT OF JUSTICE	07/16/2025	576.00
32479	11999	DOG WASTE DEPOT	07/16/2025	631.55
32480	10143	ECS IMAGING INC	07/16/2025	4,098.50
32481	10144	ELBERT DISTRIBUTING INC	07/16/2025	698.64
32482	12312	EXTREME CONNECTIONS	07/16/2025	539.52
32483	10439	FAMILY HEALING CENTER	07/16/2025	1,000.00
32485	11358	GREAT AMERICA FINANCIAL SERVICI	07/16/2025	390.18
32486	10514	ICAD INC	07/16/2025	292.50
32487	10219	JENSEN & PILEGARD INC	07/16/2025	42.44
32488	10485	JP AIR CONDITIONING & HEATING	07/16/2025	1,488.61
32489	10239	KERWEST INC	07/16/2025	424.00
32490	10250	LIEBERT CASSIDY WHITMORE	07/16/2025	1,215.00
32491	10251	LIGHTHOUSE ELECTRIC INC	07/16/2025	802.50
32492	10252	LITHIA FORD OF FRESNO	07/16/2025	292.22
32493	10678	MAC'S EQUIPMENT INC	07/16/2025	1,873.97
32494	12670	PRISCILLA MENDEZ	07/16/2025	562.50
32495	10261	MID VALLEY DISPOSAL INC	07/16/2025	152,440.59
32496	11181	NORTH KINGS GROUNDWATER SUSTA	07/16/2025	7,768.87
32497	12356	NOTORIOUS GRAFIX	07/16/2025	455.07
32498	10282	OFFICE DEPOT	07/16/2025	1,221.06
32499	10286	O'REILLY AUTOMOTIVE INC	07/16/2025	2,735.47
32500	10289	P.G.& E.	07/16/2025	9,212.95
32501	10301	PETTY CASH	07/16/2025	200.16
32502	12842	PRIMO BRANDS	07/16/2025	184.48
32503	10319	RENO'S HARDWARE	07/16/2025	1,285.65

Check No	Vendor No	Vendor Name	Check Date	
32504	11041	ROSENBALM ROCKERY	07/16/2025	440.77
32505	12475	SAN JOAQUIN PEST CONTROL	07/16/2025	105.00
32506	11650	SITEONE LANDSCAPE SUPPLY, LLC	07/16/2025	1,475.43
32507	10337	SLUMBERGER LUMBER	07/16/2025	1,702.43
32508	10345	STATE OF CALIFORNIA	07/16/2025	100.00
32509	11688	SWANK MOTION PICTURES INC	07/16/2025	510.00
32510	10754	THE HOME DEPOT PRO-SUPPLY WORI	07/16/2025	1,622.56
32511	12048	UNITED STATES TREASURY	07/16/2025	222.08
32512	10391	VALLEY FARM SUPPLY STORES	07/16/2025	2,639.29
32513	12843	DIANA VERA	07/16/2025	150.00
32514	12290	VERIZON	07/16/2025	890.65
32515	10406	WEST HILLS OIL INC	07/16/2025	7,372.64
32516	12267	IRENE ZAMORA	07/16/2025	150.00
			Total for 7/16/2025:	1,624,358.13
ACH	12521	EDIS	07/21/2025	29,046.25
ACH	12521	EDIS	07/21/2025	1,449.00
ACH	10522	CALPERS	07/21/2025	141.65
			Total for 7/21/2025:	30,636.90
ACH	10522	CALPERS	07/22/2025	41,980.94
			Total for 7/22/2025:	41,980.94
ACH	10644	US BANK EQUIPMENT FINANCE	07/23/2025	710.78
32517	11708	ALTEC INDUSTRIES INC	07/23/2025	2,537.59
32518	12537	AMERITAS GROUP INSURANCE CORP	07/23/2025	957.75
32519	10040	AT&T MOBILITY	07/23/2025	310.98
32520	10504	AUTOZONE	07/23/2025	13.72
32521	10452	CITY OF FRESNO WMD	07/23/2025	87.00
32522	11498	COMCAST CABLE COMMUNICATIONS	07/23/2025	735.69
32523	11874	CSG CONSULTANTS INC	07/23/2025	8,596.00
32524	11382	DATA TICKET INC	07/23/2025	61.94
32526	11358	GREAT AMERICA FINANCIAL SERVICI	07/23/2025	187.44
32527	10655	JIM BRISCO ENTERPRISES INC	07/23/2025	11,097.52
32528	12112	LG ELECTRIC	07/23/2025	950.00
32529	10250	LIEBERT CASSIDY WHITMORE	07/23/2025	225.00
32530	10289	P.G.& E.	07/23/2025	2,152.20
32531	12026	PRECISION CIVIL ENGINEERING INC	07/23/2025	1,685.00
32532	10315	QUINN COMPANY	07/23/2025	640.03
32533	12846	ADRIANA SOSA	07/23/2025	30.00
32534	10021	ALERT O LITE	07/23/2025	43.32
32535	12538	AMERITAS GROUP INSURANCE CORP	07/23/2025	455.00
32536	12848	AUTHENTIC ADVENTURES CENTRAL	07/23/2025	1,470.00
32537	12710	EDUARDO BARRERA	07/23/2025	362.00
32538	10054	BLUE SHIELD OF CALIFORNIA	07/23/2025	67,871.17
32539	10617	C A REDING CO INC	07/23/2025	280.88
32540	10078	CALIFORNIA STATE DISBURSEMENT	07/23/2025	115.38
32541	12844	CALIFORNIA STATE DISBURSEMENT (	07/23/2025	161.53
32542	12213	PATRICK CLARK	07/23/2025	362.00
32543	10114	CROWN SHORT LOAD CONCRETE	07/23/2025	1,093.02
32544	10117	CUMMINS SALES AND SERVICE	07/23/2025	759.92
32545	10139	DOOLEY ENTERPRISES INC	07/23/2025	847.79
32546	12766	BRANDON ESCALERA	07/23/2025	92.00

Check No	Vendor No	Vendor Name	Check Date	
32547	10157	FERGUSON ENTERPRISES INC	07/23/2025	158.87
32548	10169	FRESNO PET CEMETERY	07/23/2025	278.40
32549	10514	ICAD INC	07/23/2025	2,002.50
32550	10251	LIGHTHOUSE ELECTRIC INC	07/23/2025	807.50
32551	11935	MATT LOPEZ	07/23/2025	362.00
32552	10272	MUTUAL OF OMAHA	07/23/2025	3,367.89
32553	10282	OFFICE DEPOT	07/23/2025	643.39
32554	11359	ERIKA ORNELAS	07/23/2025	450.00
32555	10324	RIVERSIDE NURSERY & LANDSCAPE	07/23/2025	165.20
32556	12398	KARLA ROMERO	07/23/2025	150.00
32557	10862	SIGNMAX	07/23/2025	8.02
32558	11650	SITEONE LANDSCAPE SUPPLY, LLC	07/23/2025	870.17
32559	12368	SPECIALTY HOSE EXPRESS LLC	07/23/2025	96.05
32560	11460	SUPERIOR POOL PRODUCTS LLC	07/23/2025	1,953.38
32561	12847	ADRIANA TOPETE	07/23/2025	150.00
32562	10382	UNITED RENTALS NORTH AMERICA I	07/23/2025	363.25
32563	10168	UNITY IT	07/23/2025	319.24
32564	12711	US CAD	07/23/2025	660.00
32565	10387	USA BLUE BOOK	07/23/2025	490.70
			Total for 7/23/2025:	118,189.21
ACH	10522	CALPERS	07/24/2025	158.14
			Total for 7/24/2025:	158.14
ACH	10147	EMPLOYMENT DEVELOPMENT DEPA	07/25/2025	11,245.43
ACH	10517	FEDERAL TAXES PAYROLL	07/25/2025	67,047.94
ACH	10518	KERMAN POLICE OFFICERS ASSN	07/25/2025	878.25
ACH	10519	KERMAN MUNICIPAL EMPLOYEES AS	07/25/2025	247.50
ACH	10520	ICMA-RC	07/25/2025	4,557.47
			Total for 7/25/2025:	83,976.59
32566	10092	CENTRAL VALLEY TOXICOLOGY INC	07/30/2025	213.00
32567	10128	DEPARTMENT OF JUSTICE	07/30/2025	175.00
32568	10842	FRESNO ECONOMIC OPPORTUNITIES	07/30/2025	589.93
32569	11358	GREAT AMERICA FINANCIAL SERVICI	07/30/2025	176.22
32570	10249	LEAGUE OF CALIFORNIA CITIES	07/30/2025	50.00
32571	10261	MID VALLEY DISPOSAL INC	07/30/2025	1,457.70
32573	10289	P.G.& E.	07/30/2025	17,009.81
32574	11880	PERSONALIZED GIFTS FOR YOU	07/30/2025	3,091.84
32575	10419	ZIM INDUSTRIES INC	07/30/2025	197,174.93
32576	11493	24 / 7 PET VETS	07/30/2025	295.00
32577	10037	ASCAP	07/30/2025	450.50
32578	11722	CALED	07/30/2025	500.00
32579	10074	CALIFORNIA PARK/RECREATION SOC	07/30/2025	370.00
32580	10078	CALIFORNIA STATE DISBURSEMENT	07/30/2025	207.69
32581	12844	CALIFORNIA STATE DISBURSEMENT (	07/30/2025	161.53
32582	10103	COLONIAL LIFE	07/30/2025	781.31
32583	10104	COMCAST	07/30/2025	498.48
32584	10114	CROWN SHORT LOAD CONCRETE	07/30/2025	1,914.69
32585	10900	E & M INC	07/30/2025	8,925.00
32586	12767	JONATHAN FARR	07/30/2025	362.00
32587	10159	FRESNO COUNCIL OF GOVERNMENTS	07/30/2025	676.00
32588	12379	GILL CHEVROLET	07/30/2025	321.72

Check No	Vendor No	Vendor Name	Check Date	
32589	10201	HORIZON	07/30/2025	2,569.33
32590	12018	ICMA MEMBERSHIP RENEWALS	07/30/2025	1,200.00
32591	10219	JENSEN & PILEGARD INC	07/30/2025	178.72
32592	11923	JOE A GONSALVES & SON	07/30/2025	1,250.00
32593	10226	JORGENSEN & CO	07/30/2025	310.58
32594	12852	HITZARI MARTINEZ	07/30/2025	150.00
32595	10282	OFFICE DEPOT	07/30/2025	97.17
32596	10289	P.G.& E.	07/30/2025	572.24
32597	12053	R & L MUSIC ENT	07/30/2025	150.00
32598	10986	ROTARY CLUB OF KERMAN	07/30/2025	1,500.00
32599	10329	SAN JOAQUIN VALLEY AIR POLL	07/30/2025	290.00
32600	12804	CHRISTOPHER SCOTT	07/30/2025	92.00
32601	10862	SIGNMAX	07/30/2025	2,003.40
32602	11650	SITEONE LANDSCAPE SUPPLY, LLC	07/30/2025	1,433.43
32603	12368	SPECIALTY HOSE EXPRESS LLC	07/30/2025	89.34
32604	10345	STATE OF CALIFORNIA	07/30/2025	100.00
32605	10357	TAYLOR MADE IRRIGATION	07/30/2025	16.68
32606	10360	TERRY JOHNSON TRUCKING	07/30/2025	1,383.38
32607	10015	THE ADVANCE GROUP INC	07/30/2025	2,652.36
32608	10363	THE BUSINESS JOURNAL	07/30/2025	140.00
32609	11134	ALFONSO TINOCO	07/30/2025	301.00
32610	11502	TIREHUB LLC	07/30/2025	1,449.33
32611	10374	TRI TECH FORENSICS INC	07/30/2025	367.05
32612	10401	WALLYS TIRE AND WHEEL	07/30/2025	23.54
32613	10406	WEST HILLS OIL INC	07/30/2025	7,898.37
32614	12344	WHITE CAP LP	07/30/2025	1,009.23
32615	10281	NORTH CENTRAL FIRE PROT DIST	07/30/2025	813,689.24
			Total for 7/30/2025:	1,076,318.74
ACH	10522	CALPERS	07/31/2025	109.51
ACH	10386	US BANK CORPORATE PAYMENT	07/31/2025	2,659.65
ACH	10386	US BANK CORPORATE PAYMENT	07/31/2025	5,373.58
			Total for 7/31/2025:	8,142.74
ACH	12808	QUADIENT FINANCE USA INC	08/01/2025	341.68
ACH	10522	CALPERS	08/01/2025	175.35
ACH	10522	CALPERS	08/01/2025	44,697.09
			Total for 8/1/2025:	45,214.12
32616	UB*01982	ARBITRAGE HOMES LLC	08/04/2025	10.80
32617	UB*01984	EDUARDO CAMARGO	08/04/2025	90.47
32618	UB*01992	JAI-DANIELLE ESPINOZA	08/04/2025	147.26
32619	UB*01989	MARTHA ESTRADA	08/04/2025	135.27
32620	BP-JOSE1	JOSEPH CROWN CONSTRUCTION	08/04/2025	22.85
32621	UB*01981	HARDIP KAUR	08/04/2025	84.47
32622	UB*01983	MARIA MARTINEZ	08/04/2025	16.66
32623	UB*01987	HUGO MATA	08/04/2025	136.99
32624	UB*01986	ADRIANA PALACIOS	08/04/2025	68.26
32625	UB*01991	EMILY GARCIA VILLADO	08/04/2025	144.52
			Total for 8/4/2025:	857.55
ACH	10522	CALPERS	08/05/2025	45,430.50

Check No	Vendor No	Vendor Name	Check Date	
			Total for 8/5/2025:	45,430.50
ACH	10522	CALPERS	08/07/2025	44,829.93
32626	11493	24 / 7 PET VETS	08/07/2025	513.00
32627	11387	LUISA AGUIRRE	08/07/2025	580.00
32628	10021	ALERT O LITE	08/07/2025	449.11
32629	12537	AMERITAS GROUP INSURANCE CORP	08/07/2025	2,069.52
32630	12257	AMERITAS LIFE INSURANCE CORP- V	08/07/2025	1,043.44
32631	11324	AVISON CONSTRUCTION INC	08/07/2025	664,266.14
32632	11355	BADGER METER	08/07/2025	303.63
32633	12348	BRADY INDUSTRIES	08/07/2025	816.70
32634	10061	BSK ASSOCIATES	08/07/2025	2,367.75
32635	10064	CAL VALLEY PRINTING	08/07/2025	447.07
32636	11215	CALIFORNIA INDUSTRIAL RUBBER C	08/07/2025	270.98
32637	10962	TOM CHAPMAN	08/07/2025	92.00
32638	10096	CHILDS AND COMPANY INC	08/07/2025	275.17
32639	10452	CITY OF FRESNO WMD	08/07/2025	465.00
32640	10105	COMMUNITY HOSPITALS OF CENTRA	08/07/2025	350.00
32641	10109	AUDITOR CONTROLLER/TREASURER	08/07/2025	77.00
32642	10133	DEPARTMENT OF TRANSPORTATION	08/07/2025	2,591.75
32643	10619	EDD	08/07/2025	4,081.00
32644	10166	FRESNO-MADERA AGENCY ON AGIN(	08/07/2025	37.62
32645	10185	GRAINGER	08/07/2025	121.32
32646	11358	GREAT AMERICA FINANCIAL SERVIC	08/07/2025	416.03
32647	10201	HORIZON	08/07/2025	587.31
32648	12643	HYDROPRO SOLUTIONS	08/07/2025	3,082.76
32649	10222	JERRY'S AUTOMOTIVE	08/07/2025	252.00
32650	11482	JIM CRAWFORD CONSTRUCTION	08/07/2025	29.23
32651	10238	KERMAN UNIFIED SCHOOL DIST	08/07/2025	12.46
32652	10239	KERWEST INC	08/07/2025	552.00
32653	11798	KASSANDRA KLEIN	08/07/2025	698.52
32654	12855	PATRICIA LEHMAN	08/07/2025	50.00
32655	11965	MISSION UNIFORM SERVICE	08/07/2025	3,424.78
32656	10265	MONTOY LAW CORPORATION	08/07/2025	15,619.00
32657	10281	NORTH CENTRAL FIRE PROT DIST	08/07/2025	247.00
32658	10282	OFFICE DEPOT	08/07/2025	422.63
32659	10289	P.G.& E.	08/07/2025	2,998.25
32660	11891	PACE SUPPLY	08/07/2025	13,706.24
32661	12854	JONAS QUINTEROS	08/07/2025	74.00
32662	10596	RED WING BUSINESS ADVANTAGE AC	08/07/2025	202.60
32663	11714	ROD CARSEY	08/07/2025	2,753.72
32664	12590	DALIA SANTANA ZAMUDIO	08/07/2025	35.14
32665	11212	SE ELECTRIC	08/07/2025	80.00
32666	10332	SEBASTIAN	08/07/2025	2,067.61
32667	11114	SHERWIN WILLIAMS	08/07/2025	408.49
32668	11650	SITEONE LANDSCAPE SUPPLY, LLC	08/07/2025	409.36
32669	11787	SNAP ON INC	08/07/2025	1,102.08
32670	12368	SPECIALTY HOSE EXPRESS LLC	08/07/2025	600.00
32671	11907	SPRINGBROOK HOLDING COMPANY I	08/07/2025	1,852.00
32672	11460	SUPERIOR POOL PRODUCTS LLC	08/07/2025	1,388.21
32673	10754	THE HOME DEPOT PRO-SUPPLY WORI	08/07/2025	1,189.23
32674	10379	UNDERGROUND SERVICE ALERT OF	08/07/2025	901.11
32675	12048	UNITED STATES TREASURY	08/07/2025	562.48
32676	10168	UNITY IT	08/07/2025	9,847.57
32677	10377	US POST OFFICE	08/07/2025	5,000.00
32678	12853	WINEGARD ENERGY INC	08/07/2025	263.15

Check No	Vendor No	Vendor Name	Check Date	
32679	10413	YAMABE & HORN ENGINEERING INC	08/07/2025	141,380.83
32680	12140	ZERONOX	08/07/2025	1,900.33
			Total for 8/7/2025:	940,164.25
ACH	10147	EMPLOYMENT DEVELOPMENT DEPA	08/08/2025	10,660.18
ACH	10517	FEDERAL TAXES PAYROLL	08/08/2025	64,531.33
ACH	10518	KERMAN POLICE OFFICERS ASSN	08/08/2025	908.25
ACH	10519	KERMAN MUNICIPAL EMPLOYEES AS	08/08/2025	255.00
ACH	10520	ICMA-RC	08/08/2025	2,509.96
			Total for 8/8/2025:	78,864.72
32681	10021	ALERT O LITE	08/13/2025	434.44
32682	12861	A-PLUS BUYER INC	08/13/2025	12,930.83
32683	10040	AT&T MOBILITY	08/13/2025	2,203.83
32684	12476	RUTH BELMONTE	08/13/2025	210.00
32685	10617	C A REDING CO INC	08/13/2025	331.70
32686	10078	CALIFORNIA STATE DISBURSEMENT	08/13/2025	115.38
32687	12844	CALIFORNIA STATE DISBURSEMENT (	08/13/2025	161.53
32688	12858	MARISOL CAMACHO	08/13/2025	47.08
32689	12509	JOSEPH CASTRO	08/13/2025	27.09
32690	10108	COOKS COMMUNICATIONS CORP	08/13/2025	31,394.82
32691	12215	ROSIO CORTEZ	08/13/2025	150.00
32692	10114	CROWN SHORT LOAD CONCRETE	08/13/2025	493.66
32693	11874	CSG CONSULTANTS INC	08/13/2025	8,620.00
32694	11999	DOG WASTE DEPOT	08/13/2025	3,219.12
32695	12521	EDIS	08/13/2025	20,574.84
32696	10157	FERGUSON ENTERPRISES INC	08/13/2025	596.60
32697	10162	FRESNO COUNTY TREASURER	08/13/2025	25,711.44
32698	10163	FRESNO DISTRIBUTING CO	08/13/2025	151.31
32699	10842	FRESNO ECONOMIC OPPORTUNITIES	08/13/2025	378.00
32700	12379	GILL CHEVROLET	08/13/2025	195.00
32701	10185	GRAINGER	08/13/2025	146.45
32702	11358	GREAT AMERICA FINANCIAL SERVICI	08/13/2025	163.64
32703	10193	HAVENS SECURITY INC	08/13/2025	1,108.04
32704	12856	JC RENTALS	08/13/2025	1,689.10
32705	10219	JENSEN & PILEGARD INC	08/13/2025	702.68
32706	12860	KERMAN LIONS CLUB	08/13/2025	1,250.00
32707	12816	JIM LIM	08/13/2025	405.00
32708	11699	LORENA OBEZO	08/13/2025	225.00
32709	12618	MAINSTREET DESIGNS INC	08/13/2025	525.85
32710	11703	MAVERICK DATA SYSTEMS LLC	08/13/2025	250.00
32711	10261	MID VALLEY DISPOSAL INC	08/13/2025	158,438.73
32712	10282	OFFICE DEPOT	08/13/2025	54.53
32713	10286	O'REILLY AUTOMOTIVE INC	08/13/2025	1,416.13
32714	10289	P.G.& E.	08/13/2025	75,106.87
32715	12026	PRECISION CIVIL ENGINEERING INC	08/13/2025	2,506.25
32716	12842	PRIMO BRANDS	08/13/2025	392.11
32717	10316	R G EQUIPMENT OF FRESNO INC	08/13/2025	555.79
32718	11549	R J BERRY JR INC	08/13/2025	39,225.36
32719	10319	RENO'S HARDWARE	08/13/2025	849.85
32720	12667	ADRIANA ROTH	08/13/2025	405.00
32721	12475	SAN JOAQUIN PEST CONTROL	08/13/2025	863.00
32722	12536	JAVIER SEGURA	08/13/2025	2,204.46
32723	10862	SIGNMAX	08/13/2025	110.52
32724	11650	SITEONE LANDSCAPE SUPPLY, LLC	08/13/2025	2,069.09

Check No	Vendor No	Vendor Name	Check Date	
32725	10337	SLUMBERGER LUMBER	08/13/2025	1,382.09
32726	10345	STATE OF CALIFORNIA	08/13/2025	100.00
32727	10354	T & T PAVEMENT MARKINGS	08/13/2025	34.33
32728	12581	TATES TSHIRT DESIGNS AND PRINTS,	08/13/2025	313.30
32729	10754	THE HOME DEPOT PRO-SUPPLY WORI	08/13/2025	4,588.87
32730	12859	JACKLYN VALDEZ	08/13/2025	150.00
32731	12178	VALLEY ANIMAL CENTER SPAY & NE	08/13/2025	495.00
32732	10391	VALLEY FARM SUPPLY STORES	08/13/2025	1,873.46
32733	12815	JOHN VERES	08/13/2025	405.00
32734	12290	VERIZON	08/13/2025	1,659.91
32735	10406	WEST HILLS OIL INC	08/13/2025	9,622.15
32736	12344	WHITE CAP LP	08/13/2025	1,211.45
			Total for 8/13/2025:	420,445.68
			Report Total (297 checks):	4,979,175.71

PAY PERIOD: July 20, 2025 - August 02, 2025

	Salary	RETRO PAY & OTHER	OVERTIME		HOLIDAY at 1/2 TIME		STANDBY		GROSS SALARY	COMP TIME EARNED
			Hours	Amount	Hours	Amount	Hours	Amount		
Grand Total	$ 270,774.50	$ 3,602.81	238.20	$ 11,591.84	0.00	$ -	72.00	$ 1,821.13	$ 287,790.28	70.74

CITY OF KERMAN
CD/Securities Portfolio
As of July 31, 2025

Institution	Account Number	Interest Rate/ Trans. Date	Opening Date	Maturity Date	6/30/2025 Book Balance	Additions/ (Deletions)	Cashed In	6/30/2026 Book Balance	Fair Value	Interest Paid
CD's:										
Pacific Member Bank Irvine	615-030525-245	5.00%	3/15/24	9/15/25	243,000.00			243,000.00	243,051.03	-
Discover Bank Greenwood	615-030525-245	3.55%	9/20/22	9/22/25	245,000.00			245,000.00	244,706.00	-
BMW Bank North Amer Salt Lake	615-030525-245	0.50%	9/25/20	9/25/25	249,000.00			249,000.00	247,513.47	-
Bank of Hapoalim B M New York	615-030525-245	5.05%	4/24/24	10/29/25	200,000.00			200,000.00	200,246.00	-
Flagstar Bank National Association	615-030525-245	5.20%	6/11/24	1/13/26	243,000.00			243,000.00	243,899.10	-
US Government Bonds										
Federal Home Loan Bank	615-030525-245	4.75%	10/30/24	10/30/29	500,000.00			500,000.00	498,100.00	-
Federal Home Loan Bank	615-030525-245	4.50%	1/30/25	7/30/27	500,000.00			500,000.00	498,585.00	11,250.00
Federal Home Loan Bank	615-030525-245	4.80%	5/28/25	5/15/28	500,000.00			500,000.00	499,505.00	-
Federal Home Loan Bank	615-030525-245	5.00%	5/28/25	5/14/30	500,000.00			500,000.00	499,335.00	-
Federal Home Loan Bank	615-030525-245	4.50%	6/30/25	6/23/28	280,000.00			280,000.00	279,669.60	-
Federal Home Loan Bank	615-030525-245	4.50%	7/30/25	7/28/28		500,000.00		500,000.00	499,150.00	-
Federal Home Loan Bank	615-030525-245	4.50%	3/24/25	3/24/28	251,000.00			251,000.00	250,718.88	-
Federal Home Loan Bank	615-030525-245	4.52%	5/7/25	11/7/28	503,000.00			503,000.00	500,349.19	-
Federal Home Loan Bank	615-030525-245	5.00%	10/29/24	10/30/29	500,000.00	(500,000.00)		-	-	6,250.00
United Security Bank CD										
United Security Bank	1317802	4.75%	2/2/24	2/2/26	250,000.00			250,000.00	250,000.00	-
United Security Bank	1317802	4.75%	6/27/24	6/27/26	250,000.00			250,000.00	250,000.00	-
	Average Rate	**4.39%**								
Total CD's					**5,214,000.00**	**-**	**-**	**5,214,000.00**	**5,204,828.27**	**17,502.01**

CITY OF KERMAN
CD/Securities Portfolio
As of July 31, 2025

Institution	Account Number	Interest Rate/ Trans. Date	Opening Date	Maturity Date	6/30/2025 Book Balance	Additions/ (Deletions)	Cashed In	6/30/2026 Book Balance	Fair Value	Interest Paid
Securities America Sweep Program										
Beginning Balance					**67.00**			67.00		
	Transfers In/(Out)		7/1-7/31/25			19,482.01		19,482.01		
					67.00	**19,482.01**	**-**	**19,549.01**	**19,549.01**	**-**
Local Agency Investment Fund										
Beginning Balance	98-10-400				18,458,212.85			18,458,212.85		-
	Interest	4.40%	7/15/25			202,228.94		202,228.94		202,228.94
								-		-
	Transfers In/(Out)							-		
								-		
								-		
Total - LAIF		**4.40%**			**18,458,212.85**	**202,228.94**	**-**	**18,660,441.79**	**18,660,441.79**	**202,228.94**
Central Valley Money Market Acct	015030960									
Beginning Balance					3,649,281.76			3,649,281.76		
	Interest		7/31/25			247.95		247.95		247.95
								-		-
	Transfers In/(Out)							-		
								-		
								-		
		0.08%						-		
					3,649,281.76	247.95	-	**3,649,529.71**	3,649,529.71	247.95
Subtotal All City Investments		**2.96%**			**27,321,494.61**	**202,476.89**	**-**	**27,523,971.50**	**27,514,799.77**	**219,978.90**
			Total Investments		27,321,561.61	221,958.90	-	27,543,520.51	27,534,348.78	219,978.90
								Market Value Adjustment	(9,171.73)	
								221,958.90		
								221,958.90		
								0.00		

STAFF REPORT

MEETING DATE: August 27, 2025

PRESENTER: Jesus A. Gonzalez, City Engineer

SUBJECT: Approval of Parcel Map 2023-01 and Acceptance of Dedications on Behalf of the Public (JG)

RECOMMENDATION: Council by motion adopt a resolution approving Parcel Map 2023-01 and accepting dedications on behalf of the public.

EXECUTIVE SUMMARY:

Central Valley Engineering and Surveying, Inc. (Applicant) submitted Tentative Parcel Map No. 2023-01 (TPM 2023-01) in April 2023. TPM 2023-01 proposed dividing the existing property located at the northeast corner of Whitesbridge Road and Vineland Avenue into three (3) parcels, two (2) for commercial use and one (1) designated remainder. TPM 2023-01 was approved by the Planning Commission on January 8, 2024 and by the City Council on February 14, 2024.

In conformance with the Conditions of Approval for TPM 2023-01, the Applicant has submitted Parcel Map No. 2023-01 (PM 2023-01) for City review and approval. The Conditions of Approval require the Vineland Avenue dedication of a twenty-two (22) foot easement for public street purposes. The City Engineer and City Surveyor have reviewed the PM 2023-01 and determined the map to be technically correct, and conform to TPM 2023-01, the Kerman Subdivision Ordinance, Subdivision Map Act as well as include the required Vineland Avenue dedication. In order to finalize PM 2023-01 and submit to the County for recordation, the City Council must approve the map and accept the dedication of the right-of-way on behalf of the public.

FISCAL IMPACT:

None.

ATTACHMENTS:

A. Resolution
B. Final Parcel Map No. 2023-01

Attachment 'A'

RESOLUTION NO. 25-___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING PARCEL MAP NO. 2023-01 AND ACCEPTING DEDICATIONS ON BEHALF OF THE PUBLIC

WHEREAS, Tentative Parcel Map No. 2023-01 was approved by the Planning Commission on January 8, 2024 and the City Council on February 14, 2024; and

WHEREAS, Central Valley Engineering and Surveying, Inc. has submitted an application for Parcel Map No. 2023-01; and

WHEREAS, the City Council has considered the application for Parcel Map No. 2023-01 under the Subdivision Map Act, Subdivision Ordinance of the City of Kerman, and proofs and evidence offered including the recommendations of the City Engineer, the City Surveyor; and

WHEREAS, the City Council has found that the proposed subdivision is consistent with the General Plan and all specific plans of the City of Kerman and that none of the grounds for denial set forth in subdivisions (a) through (g) of Section 66474 of the Government Code exist with respect to said subdivision.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KERMAN RESOLVES AS FOLLOWS:

1. Parcel Map 2023-01, consisting of two (2) sheets, a copy of which is on file with the City Clerk, is hereby approved and the City Clerk is authorized and directed to provide for the recording of said Parcel Map.

2. The offers of right of way dedication made on Parcel Map 2023-01 are hereby accepted on behalf of the public.

3. This resolution is effective upon adoption.

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 27th day of August, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
City Clerk

PARCEL MAP NO. 2023-01

A PORTION OF LOTS 17 & 18 AS SHOWN IN THE SUBDIVISION OF A PART OF SECTION 6, TOWNSHIP 14 SOUTH, RANGE 18 EAST, A PART OF FRESNO IRRIGATED FARMS CO. TRACT ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 5, PAGE 20 OF ROS, FCR, IN THE CITY OF KERMAN, FRESNO COUNTY, CALIFORNIA

CONSISTING OF TWO SHEETS

SHEET 1 OF 2

JULY 2024

OWNER'S STATEMENT:

WE STATE THAT WE ARE THE LEGAL OWNERS OF, OR HAVE SOME RIGHT, TITLE, OR INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THE SUBDIVISION SHOWN ON THIS MAP, AND THAT WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID REAL PROPERTY, AND WE CONSENT TO THE MAKING AND FILING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE BOLD BORDER LINES HEREON, AND

1. OFFER FOR DEDICATION A PORTION OF VINELAND AVENUE AS DEPICTED TO THE CITY OF KERMAN, AS AN EASEMENT FOR PUBLIC STREET PURPOSES.
2. RELINQUISH ACCESS ALONG A PORTION OF VINELAND AVENUE AS DEPICTED.

GEORGE ALEX SCOTT AND PATRICIA ANN SCOTT, AS TRUSTEES FOR THE GEORGE AND PATRICIA SCOTT LIVING TRUST

GEORGE ALEX SCOTT, TRUSTEE — DATE 4-8-25

PATRICIA ANN SCOTT, TRUSTEE — DATE 4-8-25

CENTRAL VALLEY COMMUNITY BANK AND BENEFICIARY:

HINSON THOMAS — DATE 6-10-25

NOTARY ACKNOWLEDGMENT:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)

COUNTY OF FRESNO)

ON APRIL 8, 2025 BEFORE ME, LAURA MARIE LEONARDO NOTARY PUBLIC.

PERSONALLY APPEARED GEORGE ALEX SCOTT

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE

NAME: LAURA MARIE LEONARDO

COUNTY OF: FRESNO

MY COMM. EXP: 2/10/28

COMM#: 2481452

NOTARY ACKNOWLEDGMENT:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)

COUNTY OF FRESNO)

ON APRIL 8, 2025 BEFORE ME, LAURA MARIE LEONARDO PUBLIC.

PERSONALLY APPEARED PATRICIA ANN SCOTT

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

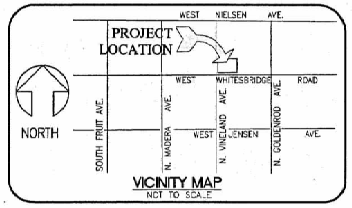
SIGNATURE

NAME: LAURA MARIE LEONARDO

COUNTY OF: FRESNO

MY COMM. EXP: 2/10/28

COMM#: 2481452



VICINITY MAP

NOT TO SCALE

NOTARY ACKNOWLEDGMENT:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)

COUNTY OF Sacramento)

ON 6/10/2025 BEFORE ME, Shay Prasad NOTARY PUBLIC.

PERSONALLY APPEARED Hinson Thomas

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE

NAME: Shay Prasad

COUNTY OF: Sacramento

MY COMM. EXP: May 3, 2028

COMM#: 2489181

COMMUNITY DEVELOPMENT DIRECTOR STATEMENT

I HEREBY CERTIFY THAT THIS MAP SUBSTANTIALLY CONFORMS TO THE TENTATIVE MAP AS CONDITIONALLY APPROVED BY THE PLANNING COMMISSION ON JANUARY 8, 2024.

JERRY JONES, COMMUNITY DEVELOPMENT DIRECTOR — DATE 7/16/25

LEGAL DESCRIPTION:

THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF FRESNO, CITY OF KERMAN, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
THE WEST HALF OF LOTS 17 AND 18 IN SECTION 6, TOWNSHIP 14 SOUTH, RANGE 18 EAST, MDB&M, ACCORDING TO THE UNITED STATES GOVERNMENT TOWNSHIP PLATS, AS PER MAP OF SUBDIVISION OF PART OF SECTIONS 5 AND 6, IN TOWNSHIP 14 SOUTH, RANGE 18 EAST, PART OF FRESNO IRRIGATED FARMS CO TRACT, RECORDED IN BOOK 5, PAGE 20 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

THIS PROPERTY IS SUBJECTED TO THE FOLLOWING:

1. AN EASEMENT GRANTED FOR ROAD PURPOSES PER DOC. NO. 2012-0153001, O.R.F.C.
2. AN EASEMENT GRANTED FOR ROAD PURPOSES PER BOOK M OF DEEDS AT PAGE 544, RECORDED ON 12/06/1875, O.R.F.C.
3. AN EASEMENT, GRANTED FOR ROAD PURPOSES PER BOOK 406, PAGE 210, RECORDED 9/ 2/1908, O.R.F.C.

STATEMENT:

THE CONDITIONS OF APPROVAL FOR THIS PARCEL MAP REQUIRE CERTAIN PUBLIC IMPROVEMENTS TO BE COMPLETED AT THE TIME OF DEVELOPMENT OF ANY OF THE PARCELS CREATED BY THIS MAP. IN ACCORDANCE WITH GOVERNMENT Code 66411.1, THE REQUIRED PUBLIC IMPROVEMENTS SHALL BE COMPLETED AT THE TIME A PERMIT OR OTHER GRANT OF APPROVAL FOR DEVELOPMENT OF THE PARCEL(S) IS ISSUED BY THE CITY, OR AT OTHER SUCH TIME PER WRITTEN AGREEMENT BETWEEN THE SUBDIVIDER AND THE CITY.

CITY CLERK'S STATEMENT

I HEREBY CERTIFY THAT THE COUNCIL OF THE CITY OF KERMAN BY RESOLUTION NO. _____ ADOPTED _____, 2025, APPROVED THE WITHIN MAP AND ACCEPTED, ON BEHALF OF THE PUBLIC ALL EASEMENTS AS OFFERED FOR DEDICATION FOR PUBLIC USE IN THE CONFORMITY WITH TERMS OF THE OFFER, AS NOTED HEREON.

JOSIE CAMACHO, CITY CLERK — DATE

SURVEYOR'S CERTIFICATE:

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF JOSH MILLER IN JULY, 2024. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP.

PROFESSIONAL LAND SURVEYOR — NARINDER S. SAHOTA — No. 8719 — STATE OF CALIFORNIA

NARINDER S. SAHOTA PLS 8719 — DATE 4-09-2025

CITY ENGINEER'S STATEMENT:

I, JESUS GONZALEZ, DO HEREBY STATE THAT I HAVE EXAMINED THIS MAP, THAT THE SUBDIVISION SHOWN IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP AND ANY APPROVED ALTERATIONS THEREOF, THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH.

DATE THIS 14TH DAY OF JULY 2025.

REGISTERED PROFESSIONAL ENGINEER — JESUS A. GONZALEZ — No. 78084 — CIVIL — STATE OF CALIFORNIA

JESUS GONZALEZ, PE 78084
CITY ENGINEER

CITY LAND SURVEYOR'S STATEMENT:

I, DAVID C. HORN, HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND THAT I AM SATISFIED THAT THE MAP IS TECHNICALLY CORRECT.

DATED THIS 14TH DAY OF JULY 2025.

PROFESSIONAL LAND SURVEYOR — DAVID C. HORN — No. 8204 — STATE OF CALIFORNIA

DAVID C. HORN, PLS 8204
CITY SURVEYOR

RECORDER'S STATEMENT

DOCUMENT No. _____ FEE PAID: _____

FILED THIS _____ DAY OF _____, 2025 AT _____ .M.

IN BOOK _____ OF PARCEL MAPS, AT PAGE _____,

FRESNO COUNTY RECORDS, AT THE REQUEST OF CVEAS, INC..

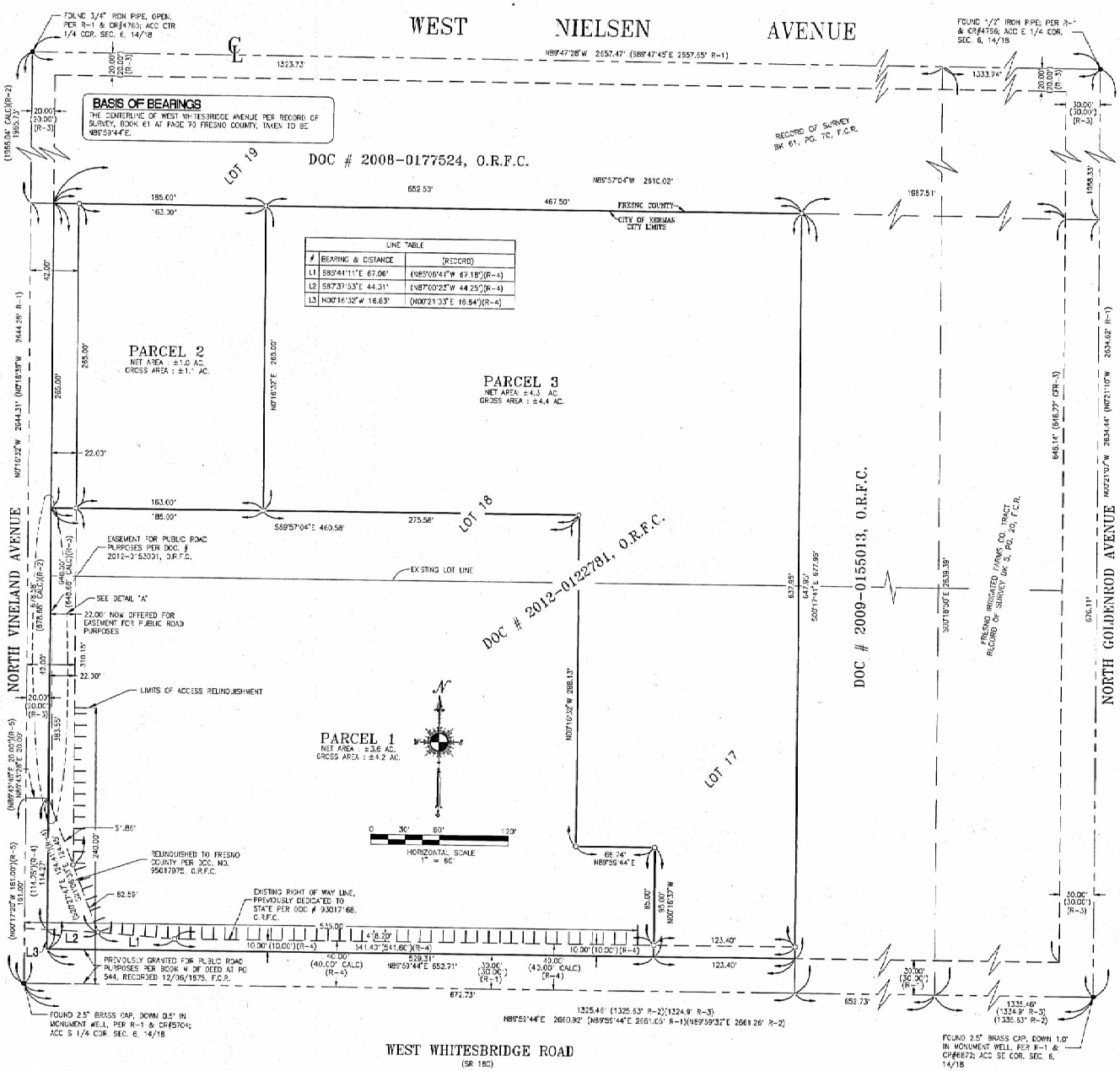
PAUL DICTOS, C.P.A., RECORDER

BY: _____
DEPUTY

FOR:
GEORGE AND PATRICIA SCOTT
88 N VINELAND
KERMAN, CA 93630
APN: 025-130-148

CVEAS CENTRAL VALLEY ENGINEERING AND SURVEYING
2511 EDGAR STREET
SELMA, CA 93662
WWW.CVEAS.COM
Tel. (559) 891-8811
Fax (559) 891-8815
Email: info@cveas.com

DATE OF SURVEY	2/15/2022
JOB NO.	21150
DRAWN BY	B.K.
DRAWING NAME	TENT. MAP
CHECKED BY	N.S.
DATE	06/10/2024
REV.	06/01/2025



PARCEL MAP NO. 2023-01

A PORTION OF LOTS 17 & 18 AS SHOWN IN THE SUBDIVISION OF A PART OF SECTION 6, TOWNSHIP 14 SOUTH, RANGE 18 EAST, A PART OF FRESNO IRRIGATED FARMS CO. TRACT ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 5, PAGE 20 OF ROS, FCR, IN THE CITY OF KERMAN, FRESNO COUNTY, CALIFORNIA

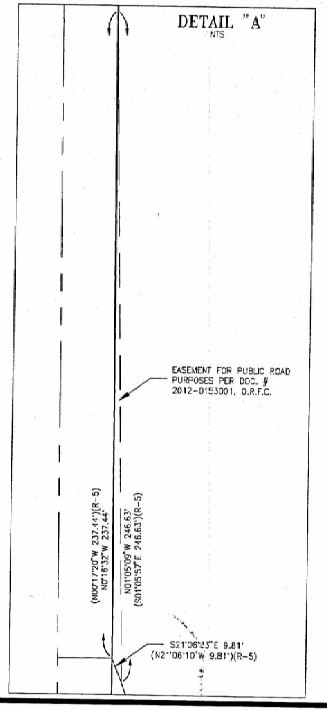
CONSISTING OF TWO SHEETS
SHEET 2 OF 2
APRIL 2023

LEGEND:

- ● MONUMENTS FOUND AND ACCEPTED AS DESCRIBED OR AS NOTED.
- ○ SET 3/4"X36" IRON PIPE, DOWN 1', TAGGED P.L.S. 6719 UNLESS NOTED OTHERWISE
- (R-1) RECORD DATA PER RECORD OF SURVEY MAP IN BOOK 61 OF RECORD OF SURVEYS AT PAGE 70, F.C.R.
- (R-2) RECORD DATA PER PARCEL MAP NO. 6107 FILED IN BOOK 39 OF PARCEL MAPS AT PAGE 1, F.C.R.
- (R-3) RECORD DATA PER RECORD OF SURVEY MAP IN BOOK 5 OF RECORD OF SURVEYS AT PAGE 20, F.C.R.
- (R-4) RECORD DATA PER CALIFORNIA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP, DISTRICT 6, ROUTE 180, POST MILE 43.18, SHEET 2 OF 2
- (R-5) RECORD DATA DEED OF EASEMENT RECORDED IN DOC. NO. 2012-0153001, O.R.F.C.
- INDICATES SUBJECT PARCEL BOUNDARY
- INDICATES SECTION LINES OR SECTIONAL BREAKDOWN LINES
- INDICATES RIGHT-OF-WAY
- INDICATES OLD LOT LINES PER (R-3) PROPERTY LINE
- INDICATES ACCESS RELINQUISHMENT

ACC ACCEPTED
CFR CALCULATED FROM RECORD
O.R.F.C. OFFICIAL RECORDS FRESNO COUNTY

DISTANCES NOT MONUMENTED ARE CALCULATED



STAFF REPORT

MEETING DATE: August 27, 2025

PRESENTER: John Jansons, City Manager

SUBJECT: Consideration of Resolution Approving Amendment to Contract for City Attorney Services (JAJ)

RECOMMENDATION: Council by motion adopt a resolution approving Amendment Number Four (4) to Contract for City Attorney Services with Montoy Law Corporation.

DISCUSSION:

The Montoy Law Corporation ("Firm") has provided City Attorney services to the City of Kerman (City) since July 1, 2015. The Agreement for legal services has been amended three times since 2015 including: July 1, 2019, July 1, 2023, and July 1, 2024.

The City and the Firm (the Parties) have now determined to set new rates for legal services as set forth in this Amendment No. 4 to Agreement ("Amendment") presented as **Exhibit 'A'** to the Resolution (**'Attachment A'**). The proposed increases in rates have been negotiated and agreed to by the parties are deemed reasonable and competitive in the marketplace. The Firm does not charge to attend meetings at Kerman City Hall or in the City of Kerman.

FISCAL IMPACT:

The fiscal impact is minimal and is accounted for in the FY 2025-2026 Budget. The new rates effective September 1, 2025, are as follows:

A. General Services Attorney Rate: $265.00 Hourly.

   General Services shall include all legal services except Pitchess Motions, Administrative Hearings, and Litigation.

   Examples of General Services include staff meetings, advisory services, agenda review, drafting/negotiating contracts, drafting/reviewing correspondence, documents, resolutions, and ordinances, research, and preparation of legal memoranda.

B. Administrative Hearings and Litigation Attorney Rate: $325.00 Hourly.

C. Rate for Paralegal Work: $120.00 Hourly.

ATTACHMENTS:

A. Resolution w/Exhibit (Amendment No. 4)

Attachment 'A'

RESOLUTION NO. 25-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING AMENDMENT NO. 4 TO LEGAL SERVICES AGREEMENT BY AND BETWEEN THE CITY OF KERMAN AND MONTOY LAW CORPORATION EFFECTIVE SEPTEMBER 1, 2025.

WHEREAS, The City of Kerman ("City") and Montoy Law Corporation ("Firm") entered into a Legal Services Agreement ("Agreement") on July 1, 2015, for City Attorney legal services which was amended on July 1, 2019, July 1, 2023, and July 1, 2024; and

WHEREAS, Hilda Cantu Montoy will continue to serve as City Attorney to City under the Agreement; and

WHEREAS, the Firm has the legal competence, experience, and qualifications to provide professional legal services required by City; and

WHEREAS, the parties have determined to set new rates for legal services as set forth in this Amendment No. 4 to Agreement ("Amendment").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kerman:

1. The foregoing recitals are true and correct and incorporated by reference.

2. Hilda Cantu Montoy will continue to serve as City Attorney to City under the Agreement.

3. City Council finds that the Firm has the legal competence, experience, and qualifications to provide professional legal services required by City.

4. The City Council approves Amendment No. Four (4) (attached as **Exhibit 'A'** and incorporated by reference) to Legal Services Agreement entered on July 1, 2015, and as amended in 2019, 2029 and 2024.

5. The City Council authorizes the Mayor to execute the Amendment on behalf of the City.

6. This resolution is effective upon adoption.

(Certification on following page)

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 27th day of August 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

The foregoing resolution is hereby approved.

_____
Maria Pacheco
Mayor

ATTEST:

_____
Josie Camacho
City Clerk

MONTOY LAW
CORPORATION

HILDA CANTÚ MONTOY

July 30, 2025

Via Email: jjansons@cityofkerman.org

John Jansons, City Manager

Re: Request for Increase in Legal Services Rates and Approval of Amendment No. 4 to Legal Services Agreement

Dear John:

As you know, I have represented the City of Kerman since 2015. This letter serves as my formal request for an amendment to my Legal Services Agreement.

At this time, I am requesting an increase as follows: (i) advisory services hourly rate to $265 and (ii) litigation hourly rate to $325. Additionally, I am requesting that the paralegal hourly rate be adjusted to $120 for advisory and for litigation services. I believe the request is merited based on my level of expertise and ability to provide full-scale legal services to the City of Kerman in a responsive and efficient manner. These are competitive rates.

Attached is an Amendment No. 4 to Legal Services Agreement conforming to this request for submittal to the City Council at the second meeting in August. Amendment No. 4 would be effective September 1st.

Please let me know if you have any questions. Thank you for your consideration.

Hilda Cantú Montoy

2440 TULARE STREET, SUITE 410, FRESNO, CA 93721-2292
PHONE: 559-579-1924 • FAX: 559-579-1923 • EMAIL: HILDAC@MONTOYLAW.COM

AMENDMENT NO. 4 TO LEGAL SERVICES AGREEMENT

The City of Kerman ("City") and Montoy Law Corporation ("Firm") agree to enter into Amendment No. 4 to Legal Services Agreement as follows:

RECITALS

A. The City and Firm entered into a Legal Services Agreement ("Agreement") on July 1, 2015, for City Attorney legal services which was amended on July 1, 2019, July 1, 2023, and July 1, 2024.

B. Hilda Cantu Montoy has served as City Attorney to City under the Agreement.

C. Firm has the legal competence, experience, and qualifications to provide professional legal services required by City.

D. The parties have determined to set new rates for legal services as set forth in this Amendment No. 4 to Agreement ("Amendment").

AGREEMENT

1. Section 3 of the Agreement shall be amended to read as follows:

"3. Compensation." CITY shall compensate FIRM for legal services as follows:

3.1 General Services Attorney Rate: $265.00 Hourly.

3.1.1 General Services shall include all legal services except Pitchess Motions, Administrative Hearings, and Litigation.

3.1.2 Examples of General Services include: staff meetings, advisory services, agenda review, drafting/negotiating contracts, drafting/reviewing correspondence, documents, resolutions, and ordinances, research, and preparation of legal memoranda.

3.1.3 No travel time will be charged to attend meetings at Kerman City Hall or in the City of Kerman.

3.2 Administrative Hearings and Litigation Attorney Rate: $325.00 Hourly.

3.3 Rate for Paralegal Work: $120.00 Hourly.

3.4 Administrative Fees: NONE.

3.5 Reimbursement:

3.5.1 FIRM will not be reimbursed for any secretarial or clerical service, mileage reimbursement, printing expense of less than 500 pages per particular item, or normal office operating expenses except as set forth in the next paragraph of this Agreement.

3.5.2 FIRM will be reimbursed for reasonable and necessary out-of-pocket expenses directly related to legal services such as required courier charges and extraordinary copying or printing expenses (over 300 pages per particular item), and expenses relating to litigation in accordance with Exhibit A of Agreement and incorporated herein by reference.

2. Except as amended by this Amendment No. 4, all terms and conditions of the Agreement shall continue in full force and effect.

3. This Amendment No. 4 shall be effective on September 1, 2025.

MONTOY LAW CORPORATION

_____
Hilda Cantú Montoy
President

Date: _____, 2025

CITY OF KERMAN

_____
Maria Pacheco
Mayor

Date: _____, 2025

STAFF REPORT

MEETING DATE: August 27, 2025

PRESENTER: John Jansons, City Manager

SUBJECT: Updated Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan (JAJ)

RECOMMENDATION: Council by motion adopt a resolution approving the updated Fresno County Multi-Jurisdictional Hazard Mitigation Plan.

DISCUSSION:

The County of Fresno has requested that each jurisdiction in the County consider adopting a Resolution demonstrating their participation in and support for recently updated and approved Fresno County Multi-Jurisdictional Hazard Mitigation Plan.

The County of Fresno initially adopted this Plan on December 1, 2009, and later approved an update on April 23, 2019. The County's Office of Emergency Services (OES) managed the Plan's development in coordination with the consultant Witt O'Brien's LLC. The process included participation from various County departments, cities (including Kerman), and special districts. Public input was sought through public surveys, public forums, and meetings.

Key highlights of the latest update to the Multi-Jurisdictional Hazard Mitigation Plan include:

- Reflects updated hazard profiles, including recent disaster data (e.g., wildfires, droughts, flooding, and extreme heat events between 2018-2023).
- Includes new mitigation projects aimed at addressing emerging threats such as public safety power shutoffs (PSPS), extreme heat, and critical infrastructure vulnerabilities.
- Updates risk assessments using revised FEMA tools, current GIS data, and more detailed vulnerability analysis.
- Integrates recent land use and development trends to support more informed planning and mitigation prioritization.
- Expands jurisdictional participation to include updated annexes from cities, special districts, and agencies that reflect localized hazard mitigation strategies.
- Ensures ongoing eligibility for FEMA Hazard Mitigation Assistance (HMA) programs and full CDAA reimbursement by meeting AB 2140 requirements.

Both California OES and FEMA have conditionally approved the updated Plan, pending formal adoption by each jurisdiction's governing body for final approval.

Mitigation plans form the backbone of a community's strategy to minimize disaster losses and disrupt the cycle of damage, reconstruction, and repeated harm. Investing in mitigation ensures future community safety and sustainability.

Mitigation's primary goals are to safeguard public safety, prevent loss of life and injuries, protect existing and future developments, preserve a community's economic, cultural, and environmental assets, reduce downtime for government and businesses post-disaster, and lower the costs and risks associated with disaster response and recovery.

Throughout the planning process, County staff and local jurisdictions identified past and potential future disasters in the County, leading to the creation of mitigation projects aimed at reducing the impact of the most significant potential disasters.

City Council approval will provide enhanced emergency management services to Kerman and further solidify its strong partnership with the County of Fresno.

Due to the size (1,462 pages) of the Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan, a link is provided here: 24-0521 - 2024 Fresno County Mitigation Plan to serve as **Exhibit 'A'** to the Resolution (**Attachment 'A'**).

ALTERNATIVES:

There is no viable alternative action. The Plan must be updated to allow the County and City to remain eligible for pre-disaster mitigation funding and enhanced California Disaster Assistance Act (CDAA) reimbursement.

FISCAL IMPACT:

There is no fiscal impact to the City to approve its support for and participation with the updated Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan. Without an adopted Plan, in the event of a disaster the County /City will not be eligible for possible additional CDAA funding.

ATTACHMENTS:

A. Resolution w/Exhibit (24-0521 - 2024 Fresno County Mitigation Plan)
B. Fresno County Resolution
C. Email Request from Fresno County

Attachment 'A'

RESOLUTION NO. 25-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING THE UPDATED COUNTY OF FRESNO COUNTY MULTI-JURISTICTIONAL LOCAL HAZARD MITIGATION PLAN

WHEREAS, various natural and man-made hazards, such as flood, fire, earthquake, technology disasters, or terrorism have the potential for causing devastating harm and loss of life and property to the citizens of the County of Fresno and Kerman will continue to do so; and

WHEREAS, the implementation of hazard mitigation policies and strategies can protect the citizens and significantly reduce the loss of life and property from these hazards; and

WHEREAS, the Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan (Plan) has been developed to ensure proactive mitigation policies and actions that help reduce risk and create safer, resilient communities, including Kerman, within Fresno County; and

WHEREAS, the County has now updated the Plan to comply with State and Federal Emergency Management Agency (FEMA) requirements and the updated Plan supersedes the 2019 Fresno County Plan or any prior plan; and

WHEREAS, the Fresno County Plan identifies mitigation goals and actions to reduce or eliminate long-term risk to people and property in Fresno County from the impacts of future hazards and disasters; and

WHEREAS, local governments, including Kerman, without a State and Federal approved Plan will not be eligible to receive future mitigation project funding awarded through the Pre-Disaster Mitigation grant programs (PDM); and

WHEREAS, by planning, preparing, and adopting a Plan, the County of Fresno is taking a proactive all-hazards planning approach to reduce and/or eliminate the impacts of hazards before they occur, and incorporates and complies with the principles and requirements found in laws, regulations, and guidelines of Federal, State codes, and the Fresno County Ordinance; and

WHEREAS, State and FEMA have both reviewed and independently approved the Fresno County Plan preliminarily, with formal approval and adoption of the plan by the Board of Supervisors having occurred on June 24, 2025; and

WHEREAS, the Plan has been updated to meet Federal and State requirements that the Plan is complete, and hereafter the plan will be updated by the Emergency Services Director as necessary to meet changing conditions; and

WHEREAS, the Board of Supervisors gives its full support to the updated Plan and urges all officials, employees, public and private organizations, and citizens, individually and collectively, to do their share in furthering the total planning effort of the County.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kerman:

1. The foregoing recitals are true and correct and incorporated by reference.

2. The City Council approves the updated Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan found in **Exhibit 'A'**: 24-0521 - 2024 Fresno County Mitigation Plan and incorporated by reference.

3. The City Council appreciates the County's leadership in this planning process and for including Kerman in the Local Hazard Mitigation plan.

4. The City Council will continue to actively support and participate in Local Hazard Mitigation efforts.

5. This resolution is effective upon adoption.

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 27th day of August 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

The foregoing resolution is hereby approved.

_____
Maria Pacheco
Mayor

ATTEST:

_____
Josie Camacho
City Clerk

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF FRESNO
STATE OF CALIFORNIA

IN THE MATTER OF THE UPDATING THE)
COUNTY OF FRESNO MULTI-JURISTICTIONAL)
LOCAL HAZARD MITIGATION PLAN) RESOLUTION

WHEREAS, various natural and man-made hazards, such as flood, fire, earthquake, technology disasters, or terrorism have the potential for causing devastating harm and loss of life and property to the citizens of the County of Fresno and will continue to do so; and

WHEREAS, the implementation of hazard mitigation policies and strategies can protect the citizens and significantly reduce the loss of life and property from these hazards; and

WHEREAS, the Fresno County Multi-Jurisdictional Local Hazard Mitigation Plan (Plan) has been developed to ensure proactive mitigation policies and actions that help reduce risk and create safer, resilient communities within Fresno County; and

WHEREAS, on December 1, 2009, the Board of Supervisors adopted the last Plan to comply with State and Federal Emergency Management Agency (FEMA) requirements; and

WHEREAS, on April 23, 2019, the Board of Supervisors adopted the updated Plan to comply with State and FEMA requirements; and

WHEREAS, the County has now updated the Plan and the updated Plan supersedes the 2019 Fresno County Plan or any prior plan; and

WHEREAS, the Fresno County Plan identifies mitigation goals and actions to reduce or eliminate long-term risk to people and property in Fresno County from the impacts of future hazards and disasters; and

WHEREAS, local governments without a State and Federal approved Plan will not be eligible to receive future mitigation project funding awarded through the Pre-Disaster Mitigation grant programs (PDM); and

WHEREAS, by planning, preparing, and adopting a Plan, the County of Fresno is taking a proactive all-hazards planning approach to reduce and/or eliminate the impacts of hazards before they occur, and incorporates and complies with the principles and requirements found in laws, regulations, and guidelines of Federal, State codes, and the Fresno County Ordinance Code; and

WHEREAS, State and FEMA have both reviewed and independently approved the Fresno County Plan preliminarily, with formal approval pending adoption of the plan by the Board of Supervisors; and

WHEREAS, the LHMP has been updated to meet Federal and State requirements that the LHMP is complete, and hereafter the plan will be updated by the Emergency Services Director as necessary to meet changing conditions; and

WHEREAS, the Board of Supervisors gives its full support to the updated Plan and urges all officials, employees, public and private organizations, and citizens, individually and collectively, to do their share in furthering the total planning effort of the County;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Fresno do hereby adopt and approve the updated Fresno County LHMP to become effective immediately.

//

//

//

//

//

//

//

THE FOREGOING, was passed and adopted by the following vote of the Board of Supervisors of the County of Fresno this 24th day of June, 2025, to wit:

AYES: Supervisors Bredefeld, Chavez, Magsig, Mendes, Pacheco

NOES: None

ABSENT: None

ABSTAINED: None

Ernest Buddy Mendes, Chairman of the
Board of Supervisors of the County of Fresno

ATTEST:
Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California

By: _____
Deputy

Attachment 'C'

From: Mejorado, Terri <tmejorado@fresnocountyca.gov>
Sent: Wednesday, June 25, 2025 1:47 PM
To: jjansons <jjansons@cityofkerman.org>; Wilkins, Steve (Kerman PD) <Steve.Wilkins@fcle.org>; Wil Barcoma (wil.barcoma@cityofkerman.org) <wil.barcoma@cityofkerman.org>;
Cc: Davis, David (cof) <dadavis@fresnocountyca.gov>; Passmore, Jason (cof) <jpassmore@fresnocountyca.gov>; Ryan Essepian <ryan.essepian@caloes.ca.gov>
Subject: Adoption of Local Hazard Mitigation Plan

Good Afternoon,

We are pleased to inform you that the Fresno County Board of Supervisors has officially signed the resolution to adopt the Local Hazard Mitigation Plan (LHMP) as presented. With the County's adoption now complete, the LHMP is ready for your jurisdiction's formal adoption.
As a participating jurisdiction, your adoption of the plan is a critical final step to ensure continued eligibility for FEMA hazard mitigation funding and to demonstrate a shared commitment to disaster preparedness and resilience across our region.

Please place the LHMP adoption on your governing board's upcoming agenda. Once adopted, we kindly request a copy of your signed resolution for our records.

Thank you for your continued partnership in building a safer and more resilient Fresno County.

Terri

Terri Mejorado, MBA, CEM, CA-PEM
Emergency Manager
Fresno County OES

O: 559.600.4065
M: 559.284.2532
tmejorado@fresnocountyca.gov

1221 Fulton Street
Fresno, CA 93721

www.fresnocountyca.gov

"Lets go be awesome together"
-Jamie Martin

STAFF REPORT

TO: Mayor and City Council

MEETING DATE: August 27, 2025

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Consideration of a Resolution of City Council of the City of Kerman Authorizing the Issuance and Sale of 2025 Lease Revenue Bonds (JA)

RECOMMENDATION: City Council by motion adopt resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents and Directing Execution of Certain Related Actions in Connection with Financial Capital Improvements for the issuance and sale of 2025 Lease Revenue Bonds

EXECUTIVE SUMMARY:

Approval of the attached resolution **Attachment 'A'** enables the City and the Kerman Public Financing Authority to issue the 2025 Lease Revenue Bonds (the "Bonds") to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (the "Projects").

The City has identified several priority capital projects that would be possible with funding from the Measure M program including an Animal Shelter, Hart Ranch Park, Multi-Generational / Senior Center, a new Police Station, and a Downtown Revitalization Program.

To date, the animal shelter has been completed. Hart Ranch Park is under construction with an estimated completion date of Summer 2026, and a significant phase of Downtown Revitalization and Beautification was completed in early 2025.

To advance the Multi-Generational / Senior Center, the City was successfully awarded a $7.25M grant from the CA Dept. of Agriculture toward what is estimated to be a $15 million project. Subsequent pursuit of additional grants to finance this project have been unsuccessful. The bond issuance will provide the remaining funds needed to undertake this project.

In 2023, the City purchased an existing building for the new Police Station. This acquisition was funded with a grant/earmark from the State of California, made possible by Assembly Member Esmeralda Soria. Funding from the proposed bond issuance of approximately $12M will be used to fund the design and remodel of the building and grounds.

DISCUSSON:

Financing Structure and Security-

Under a lease/leaseback structure detailed below, the Bonds are payable from semi-annual lease payments the City makes to the Authority. These payments, assigned to the Trustee under a sublease for the City properties listed below (the “Leased Properties”), are a General Fund obligation of the City and must be appropriated annually by the City Council. They are not secured by a lien or pledge on any specific City revenues or by a lien on the leased properties.

Initial Leased Properties:

Asset	Location
Police Station	850 S Madera Ave
Office Building	15061 W C Street (New Police Station)
Whse/Shop Building	15061 W C Street (New Police Station)
PW Office Building	15201 W California Ave
PW Shop Building	15201 W California Ave
PW Shop	15201 W California Ave
Office Building	942 S Madera Ave
Animal Shelter	15375 W California Ave ("A" Street)
Community Teen Center	15101 W Kearney Plaza
Lion's Park	744 S Park Ave
Kerckhoff Park	15061 W G Street
Hart Ranch Park	13833 W California Avenue

Legal Structure:

The Authority will be the issuer of the proposed Bonds. In connection with the issuance of the Bonds, the City will enter into a Site Lease with the Authority, pursuant to which the City will lease certain City-owned property (Leased Property), to the Authority. Under a simultaneous Lease Agreement, the Authority will lease the Leased Property back to the City. Under the Lease Agreement, the City will agree to make rental payments to the Authority for the beneficial use and occupancy of the Leased Property. Such rental amounts will be calculated to be sufficient in time and amount to pay the debt service payments on the Bonds. Pursuant to an Assignment Agreement, the Authority will assign certain rights under the Lease Agreement to U.S. Bank Trust Company, N.A., as trustee (the “Trustee”) for the Bonds, including the right to receive the rental payments under the Lease Agreement. Due to the fact a portion of the Bonds will be secured by lease payments on the yet to be completed Projects, the City will be required to fund capitalized interest on a portion of the Bonds through April 1, 2028, which represents the expected time period of construction (24 months) plus an additional 12 months.

The Bonds will be issued pursuant to an Indenture of Trust to be entered into among the City, the Authority and the Trustee, which will govern certain key terms of the Bonds including repayment dates, redemption terms, interest rate and rights and remedies of Bond owners.

Staff has been notified that the City has received an underlying credit rating of "A" for the Bonds from Standard & Poor's ("S&P"). Staff, working with its consultants, is also in the process of obtaining municipal bond insurance (rated "AA" by S&P) and a debt service reserve fund surety for the Bonds. It is anticipated that a municipal bond insurance policy and/or a debt service reserve fund surety will be obtained as an additional benefit to the City. Information on the City's General Fund and related risks is provided to investors in the offering document for the Bonds (the Preliminary Official Statement). Additional details on the legal and disclosure documents are outlined below.

Bond Sizing (Not-to-Exceed Amounts):

In order to authorize the sale of the Bonds, staff must provide not-to-exceed amounts in the City Resolution and the Authority Resolution. In order to provide staff with maximum flexibility in determining the optimal size of the Bonds, staff requests: a not to exceed principal amount of $25 million; a not to exceed true interest cost of 5.75%; and a not to exceed underwriter's discount of 0.75%. These limits have been included in the City Resolution and Authority Resolution as "not to exceed" to create a reasonable amount of flexibility for the City and the Authority, even though the final principal amount, true interest cost and underwriter's discount are anticipated to be less.

Good Faith Estimates:

The required good faith estimates discussed below, with respect to the Bonds, are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided by Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, in consultation with the Underwriter, and are based on assumptions of the estimated principal amount of the Bonds and on market interest rates prevailing at the time the estimate is prepared. The estimates reflect the combined totals for the Bonds, as follows:

Principal Amount: The Municipal Advisor informed the City that based on the City's financing plan and current market conditions, the good faith estimate of the aggregate principal amount of the Bonds to be sold (the Estimated Principal Amount) is $19,955,000.

True Interest Cost of the Bonds: The Municipal Advisor informed the City that its good faith estimate of the true interest cost of the Bonds, which is the rate necessary to discount the amounts payable on the respective principal and interest payment to the purchase price received for the Bonds, is 5.02%.

Finance Charge of the Bonds: The Municipal Advisor informed the City that its good faith estimates of the finance charge for the Bonds, which is the sum of all fees and charges paid to third parties, or costs associated with the Bonds, is $596,821. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, appraiser, escrow verification, trustee, rating agency, title insurance, municipal bond insurance, debt service reserve policy, printing and underwriting.

Detailed estimates of these fees for each party are below:

- Underwriting: $149,663 (0.75 % of par)
- Municipal Bond Insurance: $139,156
- Reserve Fund Surety: $32,783
- City Staff Time: $25,000
- City Attorney: $5,000
- Bond Counsel: $77,000
- Disclosure Counsel: $50,000

- Municipal Advisor: $38,500
- Trustee & Trustee's Counsel: $4,200
- Title Insurance: $20,130
- Rating Agency (S&P): $28,000
- Printing: $2,000
- Joint Powers Authority: $10,000
- Contingency: $15,389

These fees are all paid for with bond proceeds.

Amount of Proceeds to be Received: The Municipal Advisor informed the City that its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds less the finance charge of the Bonds, as estimated above, and any reserves funded with proceeds of the Bonds is $19,646,861.

Total Payment Amount: The Municipal Advisor informed the City that its good faith estimate of the total payment amount of all payments the City will make to pay debt service on the Bonds calculated to the final maturity of the Bonds is $39,812,853.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest costs, the finance charges, the amount of proceeds received, and the total payment amount may differ from such good faith estimates due to:

1. The actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates;
2. The actual principal amount of the Bonds sold being different from the Estimated Principal Amount;
3. The actual amortization of the Bonds being different than the 30-year amortization assumed for purposes of such estimates;
4. The actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates;
5. Other market conditions; or
6. Alterations in the City's financing plan, delays in the financing, additional legal work (including federal tax law due diligence), or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City and the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates and amortization of the Bonds will depend on market interest rates at the time of sale, with an expected amortization period of 30 years. Market interest rates are affected by economic and other factors beyond the control of the City and the Authority. If market rates change so that the transaction is no longer financially beneficial, the City and the Authority can terminate the transaction at any time before the Bonds are sold to the Underwriter.

The forms of the base legal documents to be approved by the City Council and the Kerman Public Financing Authority are:

- **Indenture of Trust –** The Indenture is a contract between the Authority and U.S. Bank National Association, acting as Trustee. The Indenture specifies the Trustee, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds.

- **Site Lease –** The Site Lease is a contract between the Authority and the City, under which the City leases the selected leased property to the Authority in exchange for a lump sum amount equal to the principal amount of the Bonds consideration of the Authority's agreement to provide financing for the Projects.
- **Lease Agreement –** The Lease Agreement is a contract between the Authority and the City, under which Authority leases back the selected leased property to the City in consideration of the payment by the City of semiannual installment payments which are sufficient to provide revenues with which to pay principal of, and interest on, the Bonds when due.
- **Bond Purchase Agreement –** The Bond Purchase Agreement is a contract between the Authority, the City and Oppenheimer & Co. Inc., as underwriter (the "Underwriter"), whereby the Authority agrees to sell the Bonds to the Underwriter and the Underwriter agrees to buy the Bonds from the Authority for resale to the public.
- **Preliminary Official Statement –** The Preliminary Official Statement is the offering statement used by the Underwriter to inform the marketplace of the terms of the Bonds and contains all relevant information for the investor to decide whether to purchase the Bonds.

Disclosure Documents: Staff and the City's financing team have prepared the Preliminary Official Statement in connection with the offering of the Bonds. The Preliminary Official Statement presents material information relating to the Bonds and the City's finances and operations and will be used in the offering of the Bonds to potential investors.

The United States Securities Exchange Commission has stated that elected officials have certain responsibilities under federal securities law. If City Council members during their review of the Preliminary Official Statements determine that it contains any material false statements or omissions of material information, they should bring this to the attention of staff.

To comply with federal securities law, the City will enter into a Continuing Disclosure Agreement in connection with the issuance of the Bonds. Under the Continuing Disclosure Agreement, the City will agree to annually provide certain financial information relating to the City and notices of certain enumerated events to the market. Such information will be provided through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

FISCAL IMPACT:

Like the outstanding 2020 Bonds, debt service payment on the Bonds is a liability of the General Fund. Debt service payments will be made over 30 years in semi-annual payments and will be due semi-annually on April 1st and October 1st of each year with the first payment due on April 1, 2026. The estimated annual debt service of the Bonds is provided below.

All financing-related costs will be paid from Bond proceeds. The estimated annual payment is $459,260 in the initial partial year (FY 2025/26). The average net annual payment is approximately $1,298,306 from FY 2026/27 through FY 2055/56.

Table on Next Page

	Bonds - Estimated Annual Payment Schedule			
Fiscal Year	Principal	Interest	Capitalized Interest	Total
2026		$531,489	$72,229	$459,260
2027	$290,000	1,015,938	139,050	1,166,888
2028	305,000	1,001,063	139,050	1,167,013
2029	325,000	985,313		1,310,313
2030	340,000	968,688		1,308,688
2031	355,000	951,313		1,306,313
2032	375,000	933,063		1,308,063
2033	395,000	913,813		1,308,813
2034	415,000	893,563		1,308,563
2035	435,000	872,313		1,307,313
2036	460,000	849,938		1,309,938
2037	485,000	826,313		1,311,313
2038	505,000	801,563		1,306,563
2039	535,000	775,563		1,310,563
2040	560,000	748,188		1,308,188
2041	585,000	719,563		1,304,563
2042	615,000	689,563		1,304,563
2043	650,000	657,938		1,307,938
2044	680,000	624,688		1,304,688
2045	715,000	589,813		1,304,813
2046	755,000	553,063		1,308,063
2047	795,000	513,319		1,308,319
2048	835,000	470,531		1,305,531
2049	885,000	425,381		1,310,381
2050	930,000	377,738		1,307,738
2051	980,000	327,600		1,307,600
2052	1,035,000	274,706		1,309,706
2053	1,085,000	219,056		1,304,056
2054	1,145,000	160,519		1,305,519
2055	1,210,000	98,700		1,308,700
2056	1,275,000	33,469		1,308,469
Total	$19,955,000	$19,803,758	$350,329	$39,408,429

ATTACHMENTS:

A. City Resolution
B. ~~Indenture~~ removed
C. Site Lease
D. Lease Agreement
E. ~~Assignment Agreement~~ removed
F. Bond Purchase Agreement
G. Preliminary Official Statement (including Continuing Disclosure Agreement)

Attachment 'A'

RESOLUTION NO. 25-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH FINANCING CAPITAL IMPROVEMENTS

WHEREAS, the City of Kerman (the "City") desires to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project"), to be financed through the issuance and sale by the Kerman Public Financing Authority (the "Authority") of its 2025 Lease Revenue Bonds (the "Bonds"); and

WHEREAS, to finance the Project, the City has proposed to lease certain real property to the Authority (the "Leased Property"), and to lease back the Leased Property from the Authority in consideration of semi-annual lease payments securing the repayment of the Bonds; and

WHEREAS, the City Council has duly held a public hearing regarding the issuance by the Authority of the Bonds to finance a portion of the Project in accordance with the requirements of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), the notice of which has been given in accordance with the requirements of Section 6586.5 of the Bond Law; and

WHEREAS, the information required to be obtained and disclosed by the City Council related to the financing under Government Code Section 5852.1 is set forth in the staff report accompanying this resolution; and

WHEREAS, the City Council has duly considered such transactions and wishes at this time to approve all proceedings and documents to which the City is a party relating to the proposed financing.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Kerman as follows:

Section 1. Findings and Determinations. In accordance with the Bond Law and based on information provided to the City Council, the City Council hereby finds and determines that the issuance of the Bonds and the transactions related thereto will result in significant public benefits within the meaning of Section 6586.5 of the Bond Law.

Section 2. Authorization of Bonds by Authority. The City Council hereby approves of the issuance of the Bonds by the Authority under the Bond Law, in the aggregate

principal amount of not to exceed $25,000,000 for the purpose of providing financing for the Project.

Section 3. Approval of Financing Agreements. The City Council hereby approves each of the following agreements required to implement the financing plan described above, in substantially the respective forms on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the Mayor, City Manager or the Finance Director (each, an "Authorized Officer"):

- Site Lease between the City as lessor and the Authority as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of an upfront site lease payment, which will be applied by the City to finance the Project and pay costs of issuance.

- Lease Agreement between the Authority as lessor and the City as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semi-annual lease payments which are sufficient to provide for payment of principal of and interest on the Bonds when due.

Each Authorized Officer is hereby separately authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed, if necessary, to attest the final form of each of the foregoing agreements, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

Section 4. Sale of Bonds. The City Council hereby authorizes the negotiated sale of the Bonds to Oppenheimer & Co. Inc. as underwriter (the "Underwriter") under the Bond Purchase Contract in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. The City Council hereby delegates to each Authorized Officer the authority to accept an offer from the Underwriter to purchase the Bonds and to execute the Bond Purchase Contract for and in the name and on behalf of the City; provided, that the amount of Underwriter's discount shall not exceed 0.75% of the par amount of the Bonds and the true interest rate on the Bonds shall not exceed 5.75%.

Section 5. Official Statement. The City Council hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the City Clerk, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a)

execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be final, as of its date, within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the City once final pricing information is available. The City Council hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement.

Section 6. Continuing Disclosure Certificate. The City Council hereby approves the Continuing Disclosure Certificate to be executed by the City, the form of which is attached as an exhibit to the Preliminary Official Statement. Each of the Authorized Officers is hereby authorized and directed to approve any changes in or additions to a final form of said Continuing Disclosure Certificate, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The final Continuing Disclosure Certificate shall be executed in the name and on behalf of the City by an Authorized Officer.

Section 7. Official Actions. The City Council hereby authorizes and directs each of the Mayor, the City Manager, the Finance Director, the City Clerk and all other officers of the City in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including executing any commitments or other documents necessary to obtain bond insurance and/or a reserve fund insurance for the Bonds and to coordinate the release or substitution of real property previously leased by the City and Authority to accomplish the purposes of the financing. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of any person serving in such role in an interim capacity or by any officer or person designated by such officer to act on his or her behalf.

Section 8. Effective Date. This Resolution shall take from and after the date of its passage and adoption.

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 27th day of August, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
City Clerk

'Attachment B'

RECORDING REQUESTED BY:
City of Kerman

AND WHEN RECORDED RETURN TO:
Jones Hall LLP
Attn: James A. Wawrzyniak, Jr.
4 West 4th Avenue, Suite 406
San Mateo, California 94402

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE LEASE

This SITE LEASE (this "Site Lease"), dated for convenience as of October 1, 2025, is between the CITY OF KERMAN, a general law city and municipal corporation duly organized and existing under the laws of the State of California, as lessor which acquired title to a portion of the Leased Property (the "City"), and the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California, as lessee (the "Authority").

B A C K G R O U N D :

1. The City is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

2. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the real property and facilities more particularly described in Appendix A attached hereto and by this reference incorporated herein, consisting of [(i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Teen Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] (collectively, the "Leased Property") to the Authority under this Site Lease, pursuant to which the Authority agrees to make an initial rental payment (as described herein, the "Site Lease Payment") which is sufficient to provide funds for such purpose.

3. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under an Indenture of Trust dated as of October 1, 2025 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee

(the "Trustee"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with this Site Lease.

4. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under a Lease Agreement dated as of October 1, 2025 (the "Lease"), which has been recorded concurrently herewith, under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

5. The lease payments made by the City under the Lease have been assigned by the Authority to Trustee for the security of the Bonds under an Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

A G R E E M E N T :

In consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

SECTION 1. *Lease of Property to Authority.* The City hereby leases the Leased Property to the Authority and the Authority hereby leases the Leased Property from the City, on the terms and conditions hereinafter set forth.

SECTION 2. *Term; Possession*. The term of this Site Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 13.01 thereof, but under any circumstances not later than October 1, 20__. The provisions of this Section 2 are subject in all respects to any other provisions of this Site Lease relating to the termination hereof.

SECTION 3. *Rental*. The Authority shall pay to the City as and for rental of the Leased Property hereunder, the sum of $_____ (the "Site Lease Payment"). The Site Lease Payment is due and payable upon the issuance of the Bonds and the execution and delivery hereof, and will be paid from the proceeds of the Bonds. The Authority and the City hereby find and determine that the total amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Leased Property which is conveyed hereunder by the City to the Authority. No other amount of rental is due and payable by the Authority for the use and occupancy of the Leased Property under this Site Lease.

SECTION 4. *Leaseback to City*. The Authority shall lease the Leased Property back to the City under the Lease. In no event shall this effectuate a merger of the Site Lease and the Lease.

SECTION 5. *Assignments and Subleases*. Unless the City is in default under the Lease, the Authority may not assign its rights under this Site Lease or sublet all or any portion of the Leased Property, except as provided in the Assignment Agreement and in the Lease, without the prior written consent of the City.

SECTION 6. *Addition, Substitution or Release of Property*. The description of the Leased Property which is leased under the Lease shall conform at all times to the description of the Leased Property which is leased hereunder. Accordingly, if the City exercises its option (a) to substitute property as part of the Leased Property under Section 3.3 of the Lease, (b) to release property from the Lease under Section 3.4 of the Lease, and/or (c) to add to the Leased Property under Section 7.5(b) of the Lease, an amendment shall be made to this Site Lease making a conforming change to the Leased Property hereunder.

SECTION 7. *Right of Entry*. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. *Termination*. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the Leased Property was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Property shall remain thereon and title thereto shall vest thereupon in the City for no additional consideration.

SECTION 9. *Default*. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and no such remedy may include termination hereof; *provided, however*, that so long as the Lease remains in effect, the Lease Payments payable by the City under the Lease shall continue to be paid to the Trustee.

SECTION 10. *Quiet Enjoyment*. The Authority at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Property, subject to the provisions of the Lease and subject only to Permitted Encumbrances (as that term is defined in the Lease).

SECTION 11. *Waiver of Personal Liability*. All liabilities under this Site Lease on the part of the Authority are solely corporate liabilities of the Authority as a public entity, and the City hereby releases each and every member and officer of the Authority of and from any personal or individual liability under this Site Lease. No member or officer of the Authority or its governing board shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Authority hereunder.

SECTION 12. *Taxes*. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and any improvements thereon.

SECTION 13. *Eminent Domain*. If the whole or any part of the Leased Property or any improvements thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then

unpaid Lease Payments payable under the Lease and the balance of the award, if any, shall be paid to the City.

SECTION 14. *Partial Invalidity*. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. *Notices*. Any notice, request, complaint, demand or other communication under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below. Notice shall be effective either (a) 48 hours after deposit in the United States mail, postage prepaid, or (b) in the case of personal delivery to any person, upon actual receipt. The City, the Authority and the Trustee may, by written notice to the other parties, from time to time modify the address to which communications are to be given hereunder.

If to the Authority or the City: City of Kerman
850 S Madera Avenue
Kerman, CA 93630
Attention: Finance Director

If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street
Los Angeles, CA 90071
Attention: Global Corporate Trust

SECTION 16. *Amendment of this Site Lease*. The Authority and the City may at any time amend or modify any of the provisions of this Site Lease, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to make cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds;

(ii) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(iii) to conform to any amendment of the Indenture which is made thereto in accordance with Section 9.01 of the Indenture; or

(iv) for the purpose of effectuating any addition, substitution or release of property under Section 6.

SECTION 17. *Governing Law*. This Site Lease shall be construed in accordance with and governed by the laws of the State of California.

SECTION 18. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary under this Site Lease with all rights of a third party beneficiary.

SECTION 19. *Binding Effect*. This Site Lease inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 20. *Section Headings*. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 21. *Execution in Counterparts*. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

SECTION 22. *Defined Terms*. All capitalized terms used herein and not otherwise defined have the respective meanings given those terms in the Indenture.

[Remainder of page intentionally left blank. Signatures on next page.]

IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

CITY OF KERMAN

By: _____
John Jansons
City Manager

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Kerman, County of Fresno, State of California, which is more particularly described as follows:

'Attachment C'

RECORDING REQUESTED BY:
City of Kerman

AND WHEN RECORDED RETURN TO:
Jones Hall LLP
Attn: James A. Wawrzyniak, Jr.
4 West 4th Avenue
Suite 406
San Mateo, California 94402

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

Dated as of October 1, 2025

between the

KERMAN PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF KERMAN,
as lessee

Relating to

$_____
Kerman Public Financing Authority
2025 Lease Revenue Bonds

TABLE OF CONTENTS

ARTICLE I:
DEFINITIONS; RULES OF INTERPRETATION:

SECTION 1.1. Definitions 2
SECTION 1.2. Interpretation 2

ARTICLE II:
COVENANTS, REPRESENTATIONS AND WARRANTIES:

SECTION 2.1. Covenants, Representations and Warranties of the City 3
SECTION 2.2. Covenants, Representations and Warranties of the Board 4

ARTICLE III:
DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. Deposit of Moneys 5
SECTION 3.2. Acquisition and Construction of Project 5
SECTION 3.3. Substitution of Leased Property 6
SECTION 3.4. Release of Leased Property 6

ARTICLE IV:
LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS:

SECTION 4.1. Lease of Leased Property 7
SECTION 4.2. Term 7
SECTION 4.3. Lease Payments 7
SECTION 4.4. Source of Payments; Covenant to Budget and Appropriate 8
SECTION 4.5. Additional Rental Payments 9
SECTION 4.6. Quiet Enjoyment 9
SECTION 4.7. Title 9

ARTICLE V:
MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS:

SECTION 5.1. Maintenance, Utilities, Taxes and Assessments 10
SECTION 5.2. Modification of Leased Property 10
SECTION 5.3. Liability and Property Damage Insurance 11
SECTION 5.4. Casualty Insurance 11
SECTION 5.5. Rental Interruption Insurance 11
SECTION 5.6. Recordation Hereof; Title Insurance 12
SECTION 5.7. Insurance Net Proceeds; Form of Policies 12
SECTION 5.8. Installation of City's Personal Property 12
SECTION 5.9. Liens 12
SECTION 5.10. Advances 13

ARTICLE VI:
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS:

SECTION 6.1. Application of Net Proceeds 13
SECTION 6.2. Termination or Abatement Due to Eminent Domain 13
SECTION 6.3. Abatement Due to Damage or Destruction 13

ARTICLE VII:
OTHER COVENANTS OF THE CITY:

SECTION 7.1. Disclaimer of Warranties 14
SECTION 7.2. Access to the Leased Property 14

SECTION 7.3. Release and Indemnification Covenants....14
SECTION 7.4. Assignment and Subleasing by the City....15
SECTION 7.5. Amendment Hereof....15
SECTION 7.6. Tax Covenants....16
SECTION 7.7. Continuing Disclosure....17

ARTICLE VIII:
EVENTS OF DEFAULT AND REMEDIES:
SECTION 8.1. Events of Default Defined....17
SECTION 8.2. Remedies on Default....18
SECTION 8.3. No Remedy Exclusive....19
SECTION 8.4. Agreement to Pay Attorneys' Fees and Expenses....20
SECTION 8.5. No Additional Waiver Implied by One Waiver....20
SECTION 8.6. Application of Proceeds....20
SECTION 8.7. Trustee and Bond Owners to Exercise Rights....20

ARTICLE IX:
PREPAYMENT OF LEASE PAYMENTS:
SECTION 9.1. Security Deposit....20
SECTION 9.2. Prepayment....21
SECTION 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain....21
SECTION 9.4. Credit for Amounts on Deposit....21

ARTICLE X:
MISCELLANEOUS:
SECTION 10.1. Notices....21
SECTION 10.2. Binding Effect....22
SECTION 10.3. Severability....22
SECTION 10.4. Net-net-net Lease....22
SECTION 10.5. Third Party Beneficiary....22
SECTION 10.6. Further Assurances and Corrective Instruments....22
SECTION 10.7. Execution in Counterparts....22
SECTION 10.8. Applicable Law....22
SECTION 10.9. Board and City Representatives....22
SECTION 10.10. Captions....22

APPENDIX A DESCRIPTION OF THE LEASED PROPERTY
APPENDIX B SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated for convenience as of October 1, 2025, is between the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF KERMAN, a general law city and municipal corporation duly organized and existing under the laws of the State of California, as lessee (the "City").

B A C K G R O U N D :

1. The City is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

1. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the real property and facilities more particularly described in Appendix A attached hereto and by this reference incorporated herein, consisting of (i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Teen Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] (the "Leased Property") to the Authority under a Site Lease dated as of October 1, 2025 which has been recorded concurrently herewith (the "Site Lease"), under which the Authority agrees to make an initial rental payment (the "Site Lease Payment") which is sufficient to provide funds for such purposes.

2. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under an Indenture of Trust dated as of October 1, 2025 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

3. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under this Lease, under which the City agrees to pay semiannual Lease Payments as the rental for the Leased Property hereunder.

4. The lease payments made by the City under this Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

5. The City and the Authority have found and determined that all acts and proceedings required by law necessary to make this Lease, when executed by the City and the Authority, the valid, binding and legal obligations of the City and the Authority, and to constitute this Lease a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Lease have been in all respects duly authorized.

A G R E E M E N T :

In consideration of the material covenants contained in this Lease, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease have the respective meanings given them in the Indenture.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular includes the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the City.* The City makes the following covenants, representations and warranties to the Authority and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The City is a general law city and municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into the Site Lease and this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of the Site Lease and this Lease.

(b) Due Execution. The representatives of the City executing the Site Lease and this Lease have been fully authorized to execute the same under a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. The Site Lease and this Lease have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of the Site Lease and this Lease, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease and this Lease, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental

authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease and this Lease, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial conditions, assets, properties or operations of the City.

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority makes the following covenants, representations and warranties to the City and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California; has power to enter into this Lease, the Site Lease, the Assignment Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease, the Site Lease, the Assignment Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Assignment Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Assignment Agreement and the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would

materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. *Deposit of Moneys.* On the Closing Date, the Authority will cause the proceeds of sale of the Bonds to be deposited with the Trustee. The Trustee shall deposit those proceeds in accordance with Section 3.01 of the Indenture.

SECTION 3.2. *Acquisition and Construction of Project.* As provided in Section 3.02 of the Indenture, the proceeds of the sale of the Bonds will be applied to pay the Site Lease Payment to the City in accordance with Section 3 of the Site Lease. Amounts deposited into the Project Fund, which is established under the Indenture, shall be disbursed for the purpose of paying Project Costs. Upon the completion of the Project, the City shall file a Written Certificate of the City with the Trustee, which Written Certificate shall identify the amount (if any) to be retained in the Project Fund to pay remaining Project Costs.

SECTION 3.3. *Substitution of Leased Property.* The City may at any time and from time to time, substitute other real property (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of this Lease, the Site Lease and the Assignment Agreement, which adds the legal description of the Substitute Property to Appendix A and deletes therefrom the legal description of the Former Property.

(c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the then-aggregate principal amount of Lease Payments then due hereunder.

(d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City, constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be important to the proper, efficient and economic operation of the City.

(e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein.

(f) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such substitution is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, (ii) the estimated fair rental value of the Leased Property following such substitution is at least equal to the remaining Lease Payments due hereunder, and (iii) the useful life of the Substitute Property at least extends to the stated termination date of this Lease.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease and the Assignment Agreement.

SECTION 3.4. *Release of Leased Property.* The City has the option at any time and from time to time to release any portion of the Leased Property from this Lease (the

"Released Property") provided that the City has satisfied all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of this Lease, the Site Lease and the Assignment Agreement, which removes the Released Property therefrom.

(c) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such release is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, and (ii) the estimated fair rental value of the Leased Property following such release is at least equal to the remaining Lease Payments due hereunder.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

ARTICLE IV

LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property.* The Authority hereby leases the Leased Property to the City and the City hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease.

SECTION 4.2. *Term*. The Term of this Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 10.01 thereof, but under any circumstances not later than October 1, 20___. The provisions of this Section are subject to the provisions of Section 6.2 relating to abatement and the taking in eminent domain of the Leased Property in whole or in part.

SECTION 4.3. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in Appendix B attached to this Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Appendix B, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in Appendix B. Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article

IX, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

(b) Effect of Prepayment. If the City prepays all Lease Payments in full under Section 9.2, the City's obligations under this Section will thereupon cease and terminate. If the City prepays the Lease Payments in part but not in whole under Section 9.2, the principal components of the remaining Lease Payments will be reduced in integral multiples of $5,000 among Lease Payment Dates on a basis which corresponds to the principal maturities of the Bonds which are redeemed thereby; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under Section 4.01 of the Indenture.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

(d) Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(e) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, under the Assignment Agreement, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees to pay to the Trustee at its Office, all payments payable by the City under this Section and all amounts payable by the City under Article IX.

SECTION 4.4. *Source of Payments; Covenant to Budget and Appropriate.* The Lease Payments are payable from any source of available funds of the City, subject to the provisions of Section 6.3. The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of this Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance

of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease.

SECTION 4.5. *Additional Rental Payments*. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority hereunder:

(a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;

(b) All reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease or the Indenture;

(d) Amounts coming due and payable as Excess Investment Earnings in accordance with Section 7.6(e); and

(e) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of this Lease.

SECTION 4.6. *Quiet Enjoyment.* Throughout the Term of this Lease, the Authority shall provide the City with quiet use and enjoyment of the Leased Property and the City will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.7. *Title.* Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Leased Property transfers to and vests in the City. The Authority shall take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The City may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority notifies the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 5.2. *Modification of Leased Property.* The City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this Section; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property,

and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

SECTION 5.3. *Liability and Property Damage Insurance.* The City shall maintain or cause to be maintained throughout the Term of this Lease, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

SECTION 5.4. *Casualty Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the then-outstanding Lease Payments. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; *provided* that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Fresno County Recorder's Office, and (b) obtain a CLTA title insurance policy insuring the City's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under Section 9.4.

SECTION 5.7. *Insurance Net Proceeds; Form of Policies.* Each policy of insurance maintained under Sections 5.4, 5.5 and 5.6 must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required hereunder are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any insurance maintained under Section 5.3 is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

SECTION 5.8. *Installation of City's Personal Property.* The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee has any interest, and may be modified or removed by the City at any time, provided that the City must repair all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, so long as no such lien or security interest attaches to any part of the Leased Property.

SECTION 5.9. *Liens.* The City may not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Trustee do not materially and adversely affect the leasehold estate of the City in the Leased Property hereunder. If any such mortgage, pledge, lien, charge, encumbrance or claim does materially and adversely

affect the leasehold estate of the City in the Leased Property hereunder, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible; provided that the City is not required to do so prior to the time when such mortgage, pledge, lien, charge, encumbrance or claim actually causes such material adverse effect. The City will reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.10. *Advances.* If the City fails to perform any of its obligations under this Article V, the Authority may, but is not required to, take such action as it deems necessary to cure such failure, including the advancement of money, and the City shall repay all such advances as Additional Rental Payments hereunder, with interest at the rate set forth in Section 4.3(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in Section 5.07 of the Indenture.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.*

(a) If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease thereupon ceases as of the day possession is taken.

(b) If less than all of the Leased Property is taken permanently and the remainder is useable for the City's purposes, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(i) this Lease continues in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary, and

(ii) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the

City, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction.

ARTICLE VII

OTHER COVENANTS OF THE CITY

SECTION 7.1. *Disclaimer of Warranties.* THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. The Authority has no liability for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the City.

SECTION 7.2. *Access to the Leased Property.* The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The City further agrees that the Authority, any Board Representative and the Authority's successors or assigns may have such rights of access to the Leased Property or any component thereof as reasonably necessary to cause the proper maintenance of the Leased Property if the City fails to perform its obligations hereunder; *provided, however,* that neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The City agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assigns, against all claims, losses and damages, including legal fees and expenses, arising out of any of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the City,

(b) any breach or default on the part of the City in the performance of any of its obligations under this Lease,

(c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property,

(d) any intentional misconduct or negligence of any sublessee of the City with respect to the Leased Property,

(e) the acquisition, construction, improvement and equipping of the Leased Property, or the authorization of payment of the costs thereof, or

(f) the acceptance and performance of the duties of the Trustee under the Indenture and under this Lease.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns.

The indemnification hereunder shall survive removal or resignation of the Trustee, termination of this Lease or discharge of the Bonds.

SECTION 7.4. *Assignment and Subleasing by the City.* This Lease may not be assigned by the City, other than to an entity which succeeds to the interests of the City as a municipal corporation. The City may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the City to make Lease Payments hereunder must remain obligations of the City.

(b) The City must, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease.

(c) No such sublease by the City may cause the Leased Property to be used for a purpose which is not authorized under the provisions of the laws of the State of California.

(d) The City must furnish to the Authority and the Trustee a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become included in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

SECTION 7.5. *Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Lease, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Lease in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of property under Sections 3.3 or 3.4, or an addition to the Leased Property under this Section 7.5(b);

(v) to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional rent payments are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, and (B) the City has filed with the Trustee a written certificate stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate then-outstanding principal amount of the Bonds and all such other bonds, notes or other obligations;

(vi) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

No such modification or amendment may extend or have the effect of extending any Lease Payment Date or reducing any Lease Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 7.6. *Tax Covenants*.

(a) Private Business Use Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The City may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or

had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The City shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The City shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the City from any source of legally available funds of the City, and shall constitute Additional Rental Payments hereunder.

The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the City of any of the requirements under this subsection (e).

SECTION 7.7. *Continuing Disclosure*. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Lease, failure of the City to comply with such Continuing Disclosure Certificate will not constitute an Event of Default, although any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandate or specific performance by court order.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitute an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to

the City by the Authority or the Trustee. If in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30 day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such 30 day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease. Notwithstanding anything herein or in the Indenture to the contrary, neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; except that no termination of this Lease may be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 8.3.

(a) Enforcement of Payments Without Termination. If the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place the Leased Property in storage or other suitable place in the County of Fresno for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of the Leased Property by the Authority or its duly

authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Leased Property upon demand of the Authority for the purpose of enabling the Leased Property to be re-let under this paragraph, and the City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Authority terminates this Lease at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Rental Payments. Any surplus received by the Authority from such re-leasing shall be deposited in the Bond Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as

may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it is not necessary to give any notice, other than as expressly required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If the Authority or the City defaults under any of the provisions of this Lease and the nondefaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If the Authority or the City breaches any agreement in this Lease and thereafter the other party waives the breach, such waiver is limited to the particular Breach so waived and does not operate to waive any other breach hereunder.

SECTION 8.6. *Application of Proceeds.* All net proceeds received from the re-lease of the Leased Property under this Article VIII, and all other amounts derived by the Authority or the Trustee as a result of the occurrence of an Event of Default, must be paid to and applied by the Trustee in accordance with Section 7.03 of the Indenture.

SECTION 8.7. *Trustee and Bond Owners to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Assignment Agreement for the benefit of the Bond Owners, to which assignment the City hereby consents. The Trustee and the Bond Owners shall exercise such rights and remedies in accordance with the Indenture.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

(a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.3(a), as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.2, (i) the Term of this Lease will continue, (ii) all obligations of the City under this Lease, and all security provided by this Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (iii) under Section 4.7, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Prepayment.* The City has the option to prepay the principal components of the Lease Payments in as described under Section 4.01(a) of the Indenture. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Bonds under Section 4.01(a) of the Indenture. The City shall give written notice to the Authority and the Trustee of its intention to prepay the Lease Payments under this Section at least 45 days prior to the prepayment date, or such shorter period of time as may be acceptable to the Trustee in its sole discretion, such notice being solely for the convenience of the Trustee. Additionally, this Lease is subject to extraordinary mandatory prepayment as described under Section 4.01(c) of the Indenture.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City* shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under Article VI hereof and Section 5.07 of the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations under this Section and applied to the corresponding redemption of Bonds under Section 4.01 of the Indenture on the next available redemption date.

SECTION 9.4. *Credit for Amounts on Deposit.* If the principal components of the Lease Payments are prepaid in full under this Article IX, such that the Indenture is discharged by its terms as a result of such prepayment, at the written election of the City filed with the Trustee any or all amounts then on deposit in the Bond Fund (and the accounts therein) will be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (b) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address to which communications are to be given hereunder.

If to the Authority or the City:	City of Kerman 850 S Madera Avenue Kerman, CA 93630 Attention: Finance Director
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street Los Angeles, CA 90071 Attention: Global Corporate Trust

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and binds the Authority, the City and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

SECTION 10.6. *Further Assurances and Corrective Instruments.* The Authority and the City shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

SECTION 10.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.9. *Board and City Representatives.* Whenever under the provisions of this Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority and for the City by an Authorized Representative thereof, and any party hereto may conclusively rely upon any such approval or request.

SECTION 10.10. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

[*Remainder of page intentionally left blank. Signatures on next page.*]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

CITY OF KERMAN

By: _____
John Jansons
City Manager

APPENDIX A
DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Kerman, County of Fresno, State of California, which is more particularly described as follows:

APPENDIX B
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	Principal Component	Interest Component	Aggregate Lease Payment
Total			

* Lease Payment Dates are the 5th Business Day immediately preceding each date listed in the schedule.

'Attachment D'

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

BOND PURCHASE AGREEMENT

_____, 2025

Kerman Public Financing Authority
850 S. Madera Ave.
Kerman, California 93630

City of Kerman
850 S. Madera Ave.
Kerman, California 93630

Ladies and Gentlemen:

Oppenheimer & Co. Inc., as underwriter (the "**Underwriter**"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the Kerman Public Financing Authority (the "**Authority**") and the City of Kerman, California (the "**City**"), which, upon the acceptance of the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer is made subject to acceptance by the Authority and by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., Pacific Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture of Trust, dated as of ____ 1, 2025 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Kerman Public Financing Authority 2025 Lease Revenue Bonds, in the aggregate principal amount of $_____ (the "**Bonds**"). The Bonds will be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on April 1 and October 1 in each year, commencing _____1, 2026 and will mature, bear interest and be subject to redemption prior to maturity as set forth in Exhibit A hereto. The purchase price for the Bonds shall be equal to $_____ (being the aggregate principal amount thereof, plus net original issue premium of $_____, less an underwriter's discount of $_____).

Section 2. The Bonds. The Bonds shall be secured by a pledge of Revenues consisting primarily of certain lease payments("**Lease Payments**") to be paid by the City pursuant to a Lease Agreement, dated as of _____1, 2025, by and between the Authority, as lessor, and the City, as lessee (the "**Lease Agreement**"), concerning the leaseback of certain real property and improvements

(the "**Leased Property**"). The Authority's right to receive the Lease Payments due under the Lease Agreement and to exercise remedies upon default thereunder shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to the Indenture.

The Bonds shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the City and the Underwriter.

The proceeds of the Bonds shall be used (i) to finance the acquisition construction and improvement of certain facilities of the City, and (ii) to pay the costs of issuance of the Bonds.

As used herein, the term "**Authority Documents**" collectively refers to the Bonds, this Purchase Agreement, the Indenture, the Lease Agreement and, the Site Lease, dated as of _____ 1, 2025 (the "**Site Lease**"), by and between the City and the Authority under which the City will lease the Leased Property to the Authority. The Bonds and the execution and delivery of the Authority Documents were authorized by the Authority under the resolution adopted by the Board of Directors of the Authority on _____, 2025 (the "**Authority Resolution**").

As used herein, the term "**City Documents**" collectively refers to this Purchase Agreement, the Continuing Disclosure Certificate, dated _____1,2025 (the "**Continuing Disclosure Agreement**"), executed and delivered by the City, the Lease Agreement and the Site and Facility Lease. The City authorized the execution and delivery of the City Documents under the resolution adopted by the City Council of the City on _____, 2025 (the "**City Resolution**").

Section 3. Public Offering and Establishment of Issue Price.

(a) The Underwriter agrees to make a bona fide initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The City and the Authority acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Authority, on one hand, and the Underwriter, on the other; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or Authority on other matters); (iv) the Underwriter has financial and other interests that differ from those of the City and the Authority; and (v) the City and Authority have consulted their own legal, financial and other advisors to the extent they have deemed appropriate.

(b) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in

the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by Fieldman, Rolapp & Associates, Inc. (the "**Municipal Advisor**") and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

(c) Except as otherwise set forth in Exhibit A, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(d) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column "Hold the Offering Price Rule Used," as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to: (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public; and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority

acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on: (A) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires; and (B) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "**public**" means any person other than an underwriter or a related party;

(ii) "**underwriter**" means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "**related party**" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "**sale date**" means the date of execution of this Purchase Agreement by all parties.

Section 4. The Official Statement. By its acceptance of this proposal, the Authority and the City ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Bonds dated _____, 2025 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "**Preliminary Official Statement**") that authorized officers of the City deemed "final" as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for certain information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information

previously permitted to have been omitted by Rule 15c2-12), including the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City and the Underwriter (the "**Official Statement**") in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "**MSRB**").

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees: (i) to provide the Authority and the City with final pricing information on the Bonds on a timely basis; and (ii) to promptly file a copy of the Official Statement, including any supplements prepared by the Authority or the City with the MSRB at http://emma.msrb.org. The Authority and the City hereby approve of the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the offer and sale of the Bonds. The Authority and the City will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

Section 5. Closing. At 8:30 a.m., Pacific Time, on _____, 2025, or at such other time or date as the Authority and the Underwriter agree upon (the "**Closing Date**"), the Authority shall deliver or cause to be delivered to the Trustee, the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's FAST procedures. Concurrently with the delivery of the Bonds, the Authority and the City will deliver the documents hereinafter mentioned at the offices of Jones Hall LLP, San Mateo, California ("Bond Counsel"), or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the "**Closing**."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is a public body, duly organized and existing under the Constitution and laws of the State of California (the "**State**"), including Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "**JPA Act**"), and the Joint Exercise Powers Agreement, as amended, (the "**JPA Agreement**"), between the City and the California Statewide Communities Development Authority.

(b) The Authority has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action, the Authority has duly adopted the Authority Resolution and has duly authorized and approved the Authority Documents, has duly authorized and

approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Authority has complied, and will at the Closing be in compliance in all material respects, with the terms of the Authority Documents.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the end of the underwriting period (as defined herein), the Authority discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which

might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 6(g).

(i) The information in the Official Statement set forth under the caption "THE AUTHORITY" does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter and the Authority that:

(a) The City is general law city, validly existing under the Constitution and laws of the State.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance

by the City of the obligations on its part contained in, the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against municipal corporations in the State. The City has complied, and will at the Closing be in compliance in all material respects, with the terms of the City Documents.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have a materially adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Documents, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with the City Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not and will not contain and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except

that this representation does not include statements in the Official Statement under the caption "UNDERWRITING" information regarding DTC and its book-entry only system or CUSIP numbers, or under the caption "THE AUTHORITY" and under the caption "LITIGATION" with respect to the Authority, as to which no view is expressed).

(g) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the City having been accomplished, or threatened in writing to the City: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, or the City Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation, or contesting the powers of the Authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the City; and (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the City's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the City is aware that would cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book entry only system, as to which no view is expressed), the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "**end of the underwriting period**" means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Underwriter at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of material events specified in such rule.

(l) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2024 attached as Appendix B to the Official Statement fairly represent the receipts, expenditures and cash balances of the City. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2024 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(m) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Agreement and the other City Documents, to provide annual reports and notices of certain events, if material. A description of this undertaking is set forth in Appendix D to the Preliminary Official Statement and will also be set forth in the Official Statement.

(n) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the City, as well as authorized representatives of Bond Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the City and the Authority contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the City Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the City Documents, Authority Documents, or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would materially adversely impact the ability of the City to pay the Lease Payments.

(d) In recognition of the desire of the Authority, the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any material statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority affecting the federal or State tax status of the Authority or the City, or the interest on or with respect to bonds or notes (including the Bonds); or

(iii) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934,

as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(vi) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(vii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, material adversely affects the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(viii) any rating of the Bonds or the rating of any obligations of the City secured by the City's general fund shall have been downgraded or withdrawn by a national rating service, which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) the commencement of any action, suit or proceeding described in Section 6(g) or Section 7(h), if, in the reasonable opinion of the Underwriter, such action, suit or proceeding materially adversely affects the market price of the Bonds.

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The Authority Resolution relating to the Bonds and authorizing the execution and delivery of the Bonds and the Authority Documents and the Official Statement signed by an authorized official of the Authority;

(ii) The City Resolution relating to the Bonds and authorizing the execution and delivery of the City Documents and the delivery of the Bonds and the Official Statement signed by an authorized official of the City;

(iii) The City Documents and the Authority Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) The approving opinion of Bond Counsel dated the Closing Date and addressed to the Authority and the City, in substantially the form attached as Appendix E to the Official Statement, and a reliance letter thereon addressed to the Underwriter;

(v) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the Authority and the City and is a valid, binding and enforceable obligation of the Authority and the City;

(B) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act or 1939, as amended;

(C) The statements contained in the Preliminary Official Statement and in the Official Statement under the captions "INTRODUCTION," " THE LEASED PROPERTY," "THE BONDS," "SECURITY FOR THE BONDS," and "TAX MATTERS," and in Appendix C—" SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" and Appendix E—"FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Assignment Agreement, the Lease Agreement, the Site and Facilities Lease, and Bond Counsel's opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects; and

(vi) The Official Statement, executed on behalf of the Authority and the City, and the Preliminary Official Statement;

(vii) Evidence that the ratings on the Bonds are as described in the Official Statement;

(viii) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (ii) no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument;

(ix) A certificate, dated the Closing Date, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the City, and the City has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the Closing Date; (ii) no event affecting the City has occurred since the date of the Official Statement

which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information in the Official Statement under the caption "UNDERWRITING" information regarding DTC and its book entry only system or CUSIP numbers, or under the caption "THE AUTHORITY" and under the caption "LITIGATION" with respect to the Authority) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (iv) the City is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(x) An opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, as Counsel to the Authority, to the effect that:

(A) The Authority is a joint exercise of powers agency of the State, validly existing under the Constitution and laws of the State;

(B) The Authority Resolution authorizing the execution and delivery of the Bonds, the Authority Documents and this Purchase Agreement has been duly adopted at a meeting of the Board of Directors of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and has not been amended, modified or rescinded;

(C) The Authority has full legal right, power and authority to enter into and carry out the transactions contemplated of it by the Authority Documents and this Purchase Agreement;

(D) The Authority Documents and this Purchase Agreement have been duly authorized, executed and delivered by the Authority, and assuming due authorization, execution and delivery of such documents by the other parties thereto, the Authority Documents and this Purchase Agreement constitute legally binding agreements of the Authority enforceable against the Authority in accordance with their respective terms (except as limited herein);

(E) The Authority has obtained all State governmental, legislative, administrative and judicial authorizations, approvals, consents and orders that are required to be obtained on connection with the Authority's performance of its obligations under the Authority Documents, this Purchase Agreement and the Authority Resolution, unless the failure to obtain such authorizations, approvals, consents or orders would not have a material adverse effect on the due performance by the Authority of such obligations, provided that no opinion is rendered as to any approvals, consents and orders as may be required under Federal law or the Blue Sky laws or securities laws of any other state in connection with such performance;

(F) Except as disclosed in the Official Statement, the execution and delivery of the Authority Documents and this Purchase Agreement do not materially conflict with or constitute a material breach or default under any State law, administrative regulation or other agreement to which the Authority is a party or to which it is bound;

(G) Except as described in the Official Statement, no litigation is pending or, to the best of such counsel's knowledge, threatened in any State or federal court (1) challenging the titles of the officials of the Authority signatory to any of the Authority Documents or this Purchase Agreement to their respective offices; (2) contesting or affecting the validity of the Authority Documents, this Purchase Agreement or the Authority Resolution; (3) in any way contesting the power of the Authority to approve, execute and deliver the Authority or this Purchase Agreement or to adopt the Authority Resolution; (4) to restrain or enjoin the Lease Payments under the Lease Agreement; or (5) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xi) an opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, to the effect that:

(A) The City is a general law city, validly existing under the Constitution and laws of the State;

(B) The City Resolution authorizing the execution and delivery of the City Documents and this Purchase Agreement, has been duly adopted at a meeting of the City Council of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and has not been amended, modified or rescinded;

(C) The City has full legal right, power and authority to enter into and carry out the transactions contemplated of it by the City Documents and this Purchase Agreement;

(D) The City Documents and this Purchase Agreement have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery of such documents by the other parties thereto, the City Documents to which the City is a party and this Purchase Agreement constitute legally binding agreements of the City enforceable against the City in accordance with their respective terms (except as limited herein);

(E) The City has obtained all State governmental, legislative, administrative and judicial authorizations, approvals, consents and orders that are required to be obtained on connection with the City's performance of its obligations under the City Documents, this Purchase Agreement and the City Resolution, unless the failure to obtain such authorizations, approvals, consents or orders would not have a material adverse effect on the due performance by the City of such obligations, provided that no opinion is rendered as to any approvals, consents and orders as may be required under Federal law or the Blue Sky laws or securities laws of any other state in connection with such performance;

(F) Except as disclosed in the Official Statement, the execution and delivery of the City Documents and this Purchase Agreement do not materially conflict with or

constitute a material breach or default under any State law, administrative regulation or other agreement to which the City is a party or to which it is bound;

(G) Except as described in the Official Statement, no litigation is pending or, to the best of such counsel's knowledge, threatened in any State or federal court (1) challenging the titles of the officials of the City signatory to any of the City Documents and this Purchase Agreement to their respective offices; (2) contesting or affecting the validity of the City Documents, this Purchase Agreement or the City Resolution; (3) in any way contesting the power of the City to approve, execute and deliver the City Documents or to adopt the City Resolution; (4) to restrain or enjoin the Lease Payments under the Lease Agreement; or (5) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) An opinion of Jones Hall LLP, San Mateo, California, in its capacity as Disclosure Counsel, dated the Closing Date and addressed to the Authority, the City and the Underwriter, to the effect that, no facts have come to attention of Disclosure Counsel that have caused such counsel to believe that the Preliminary Official Statement, as of its date or the date of this Purchase Agreement, or the Official Statement, as of its date and as of the Closing Date (except for the following items, which are expressly excluded from the scope of this sentence: any financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information regarding DTC and its book-entry only system, that is contained or incorporated by reference in the Preliminary Official Statement or the Official Statement and the appendices to the Preliminary Official Statement or the Official Statement) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) An opinion of Stradling Yocca Carlson & Rauth LLP, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(xiv) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(xv) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee in form and substance satisfactory to the Underwriter;

(xvi) The preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xvii) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xviii) The tax certificate and agreement of the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xix) A certificate, dated the date of the Preliminary Official Statement, of the City, as required under Rule 15c2-12;

(xx) A certificate, dated the date of the Preliminary Official Statement, of the Authority, as required under Rule 15c2-12;

(xxi) Certified copies of the JPA Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State;

(xxii) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee;

(xxiii) A copy of an ALTA or CLTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City's leasehold interest in the Leased Property, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter; and

(xxiv) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in Official Statement. After the Closing, neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the "end of the underwriting period," whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the "end of the underwriting period" will be the Closing Date.

Section 10. Expenses. The Authority or the City will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to (a) the cost of the preparation and printing or other reproduction of the Authority Documents and the City Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor and any other experts or other consultants retained by the Authority or the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; and (g) the Underwriter's out-of-pocket expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement, including CDIAC fees, CUSIP Services Bureau charges, the fees for its

counsel, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Oppenheimer & Co. Inc., 135 Main Street, Suite 1700, San Francisco, California 94105, Attention: Nicki Tallman, Managing Director, Public Finance. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing to the Kerman Public Financing Authority c/o City of Kerman, 850 S. Madera Ave., Kerman, California 93630, Attention: Chairperson. Any notice or communication to be given the City under this Purchase Agreement may be given by delivering the same in writing to the City of Kerman, 850 S. Madera Ave., Kerman, California 93630, Attention: City Manager.

Section 12. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Electronic Signatures.

(a) The parties hereto acknowledge and agree that this Purchase Agreement may be executed by one or more electronic means (hereinafter referred to as "Electronic Signatures"). Each party hereto agrees that Electronic Signatures provided by such party shall constitute effective execution and delivery of this Purchase Agreement by such party to all other parties to or relying on this Purchase Agreement. Each party hereto agrees that Electronic Signatures shall constitute complete and satisfactory evidence of the intent of such party to be bound by those signatures and by the terms and conditions of this Purchase Agreement as signed. Each party agrees that Electronic Signatures shall be deemed to be original signatures for all purposes.

(b) Each party hereto agrees to accept Electronic Signatures provided by any and all other parties to this Purchase Agreement as (i) full and sufficient intent by such parties to be bound hereunder, (ii) effective execution and delivery of this Purchase Agreement and (iii) constituting this Purchase Agreement an original for all purposes, without the necessity for any manually signed copies to be provided, maintained or to exist for back up or for any other purpose.

(c) If Electronic Signatures are used to execute this Purchase Agreement, each party hereto hereby accepts the terms of, and intends and does sign, this Purchase Agreement by its Electronic Signature hereto.

Section 16. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

OPPENHEIMER & CO. INC.

By: _____
Title: Authorized Officer

Accepted as of the date first stated above:

CITY OF KERMAN

By: _____
Its: City Manager

Time of Execution: _____ p.m. Pacific Time

ATTEST:

By: _____
Its: City Clerk

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
Its: Chairperson

Time of Execution: _____ p.m. Pacific Time

ATTEST:

By: _____
Its: Secretary

EXHIBIT A

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

MATURITY SCHEDULE

Maturity Date (October 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Initial Offering Price*	*10% Test Used*	*Hold the Offering Price Rule Used*
	$	%	%			

T Term Bond.
C Priced to first optional redemption date of October 1, 20__ at par.

EXHIBIT B

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Oppenheimer & Co. Inc. (the "**Oppenheimer**"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "**Bonds**").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "**General Rule Maturities**."

(b) *Issuer* means the Kerman Public Financing Authority.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "**related party**" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2025.

(f) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Oppenheimer's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal

income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

OPPENHEIMER & CO. INC.

By:_____
Name:_____

Dated: _____, 2025

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(*Attached*)

'Attachment E'

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE - FULL BOOK-ENTRY

S&P RATING (INSURED BONDS): "___"
S&P RATING (UNDERLYING): "___"
See "RATINGS"

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

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

Authority for Issuance. The bonds captioned above (the "**Bonds**") are being issued by the Kerman Public Financing Authority (the "**Authority**") pursuant to an Indenture of Trust dated as of [October 1], 2025 (the "**Indenture**") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), which was authorized by a resolution adopted by the Board of Directors of the Authority as described herein. See "THE BONDS – Authority for Issuance."

Use of Proceeds. The Bonds are being issued to finance public capital improvements of the City of Kerman (the "**City**") anticipated to consist of, but not limited to, a new multi-generational community resiliency center and improvements to the City's new police station and to pay costs of issuance of the Bonds. See "FINANCING PLAN."

Security for the Bonds. Under the Indenture, the Bonds are payable from and secured by a first pledge of and lien on "Revenues" (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of [October 1], 2025, by and between the Authority, as lessor, and the City, as lessee (the "**Lease**"), consisting primarily of semi-annual lease payments (the "**Lease Payments**") made by the City under the Lease with respect to the lease of certain real property, as further described herein. See "SECURITY FOR THE BONDS."

Bond Terms; Book-Entry Only. The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on [April 1], 2026, and will be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – General Provisions."

Redemption. The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

[***Bond Insurance; Reserve Fund Insurance***. [To come, if applicable.]

NEITHER THE BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE
(see inside cover)

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

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall LLP, as Bond Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. It is anticipated that the Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2025*.

[Oppenheimer logo]

The date of this Official Statement is: _____, 2025.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

MATURITY SCHEDULE

$_____ Serial Bonds

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$_____ ____% Term Bonds due October 1, 20___; Price: _____%; Yield: _____; CUSIP†: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

KERMAN PUBLIC FINANCING AUTHORITY
(Fresno County, California)

AUTHORITY BOARD / CITY COUNCIL

Maria Pacheco, *Chair/Mayor*
Gary Yep, *Boardmember/Mayor Pro Tem (District 1)*
Berdie Hall, *Boardmember/Councilmember (District 2)*
Ismael Herrera, *Boardmember/Councilmember (District 3)*
Raj Dhaliwal, *Boardmember/Councilmember (District 4)*

CITY / AUTHORITY STAFF

John Jansons, *City Manager/Executive Director*
Josefina Alvarez, *Finance Director/Treasurer*
Josie Camacho, *City Clerk/Secretary*
Hilda Montoy of Montoy Law Corporation, *City Attorney/General Counsel*

PROFESSIONAL SERVICES

Municipal Advisor
Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel
Jones Hall LLP
San Mateo, California

Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement, or in the condition of the security for the Bonds since the date of this Official Statement.

This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites and any links contained within those websites are not incorporated herein by reference and do not constitute part of this Official Statement.

INTRODUCTION 1
FINANCING PLAN 4
General 4
Estimated Sources and Uses 4
THE LEASED PROPERTY 5
Leased Property 5
Substitution and Release 5
DEBT SERVICE SCHEDULE 7
THE BONDS 8
Authority for Issuance 8
General Provisions 8
Transfer, Registration and Exchange 9
Redemption 9
Book-Entry Only System 11
SECURITY FOR THE BONDS 12
Revenues; Pledge of Revenues 12
Assignment to Trustee 12
Allocation of Funds by Trustee 13
Lease Payments 14
Limited Obligation 15
Additional Obligations 15
Source of Lease Payments; Covenant to Budget and Appropriate 16
Abatement 16
Remedies on Default 16
Property Insurance 17
THE AUTHORITY 18
THE CITY 20
General 20
City Government 20
Labor Relations 21
CITY FINANCIAL INFORMATION 21
Accounting and Financial Reporting 21
General Fund, the Budget Process and Information 22
Financial Statements 23
Sales and Use Taxes 25
Property Taxes 27
Transient Occupancy Tax 30
Other Sources of Revenues 30
Direct and Overlapping Bonded Debt 31
Relevant Fiscal Policies 32
Employee Retirement System; CalPERS 34
No Other Post-Employment Benefit (OPEB) Plan 37
General Fund Long-Term Indebtedness 37
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 38
Article XIIIA of the State Constitution 38
Article XIIIB of the State Constitution 38
Articles XIIIC and XIIID of the State Constitution 39
Proposition 1A; Proposition 22 40
Unitary Property 41
Possible Future Initiatives 41
BOND OWNERS' RISKS 42
No Pledge of Taxes 42
Abatement 42
Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments 43
Additional Obligations of the City 44
Default 44
Sales Taxes 45
Property Taxes 45
Natural Calamities 46
Pandemic Diseases 47
Cyber Security 47
Limitations on Remedies Available to Bond Owners 48
Secondary Market for Bonds 48
TAX MATTERS 49
CERTAIN LEGAL MATTERS 50
LITIGATION 50
RATING 51
CONTINUING DISCLOSURE 51
MUNICIPAL ADVISOR 51
UNDERWRITING 52
CONTINGENT FEES 52
EXECUTION 52

APPENDIX A: AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2024
APPENDIX B: GENERAL INFORMATION ABOUT THE CITY OF KERMAN AND THE COUNTY OF FRESNO
APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS
APPENDIX D: FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E: FORM OF OPINION OF BOND COUNSEL
APPENDIX F: DTC AND THE BOOK-ENTRY ONLY SYSTEM
[APPENDIX G: SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

[REGIONAL LOCATION MAP]

OFFICIAL STATEMENT

$_____*
KERMAN PUBLIC FINANCING AUTHORITY
2025 Lease Revenue Bonds

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Authority for Issuance. The Kerman Public Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**Bonds**") under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "**Bond Law**"), a resolution adopted by the Board of Directors (the "**Board**") of the Authority on August 27, 2025 (the "**Authority Resolution**"), a resolution adopted by the City Council (the "**City Council**") of the City of Kerman (the "**City**") on August 27, 2025 (the "**City Resolution**"), and an Indenture of Trust (the "**Indenture**") dated as of [October 1], 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

Purpose of the Bonds. The Bonds are being issued to finance public capital improvements of the City anticipated to consist of, but not limited to, a new multi-generational community resiliency center and improvements to the City's new police station, and to pay costs of issuance of the Bonds. See "FINANCING PLAN."

The Authority and the City. The Authority is a joint powers authority established pursuant to that certain Joint Exercise of Powers Agreement dated as of August 15, 2007, by and between the City and the Kerman Redevelopment Agency, whose membership was recently replaced by the California Statewide Infrastructure Communities Development Authority. The Authority is governed by a five-member Board of Directors (the "**Board**"), which consists of the members of the City Council of the City. The Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities of benefit to the City. Under the Bond Law, the Authority has the power to lease real property in furtherance of the acquisition of public improvements necessary or convenient for the operation of the City, or to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. See "THE AUTHORITY."

* Preliminary; subject to change.

The City, incorporated in 1946, is located 16 miles west of the City of Fresno in the San Joaquin Valley. While predominately agricultural, there has been a shift in economic development in recent years, leading to new development. For additional background, and certain demographic and economic information regarding the City and the County, see APPENDIX B.

***Bond Terms; Book-Entry Only*.** The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on [April 1], 2026. The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company ("**DTC**"), or its nominee, which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS – Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Security for the Bonds. The City and the Authority will enter into a Site Lease dated as of [October 1], 2025 (the "**Site Lease**"), under which the City will lease certain real property to the Authority, as described herein (the "**Leased Property**") and as further described herein under the caption "THE LEASED PROPERTY." The net proceeds of the Bonds will be used by the Authority to fund the payment obligation under the Site Lease.

In order to secure the payments of principal of and interest on the Bonds, the Authority will lease the Leased Property back to the City under a Lease Agreement (the "**Lease Agreement**"), under which the City is obligated to pay semiannual lease payments (the "**Lease Payments**") as rental for the Leased Property, and the Authority will assign substantially all of its rights under the Lease Agreement to U.S. Bank Trust Company, National Association as trustee for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on the Revenues received by the Authority under the Lease Agreement, consisting primarily of the Lease Payments.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City. See "SECURITY FOR THE BONDS."

[***Bond Insurance; Reserve Fund Insurance***. [To come, if applicable.]

***Redemption*.** The Bonds are subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease, the Bond Owners may receive less than the full amount of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS – Abatement" and "BOND OWNERS' RISKS."

Additional Obligations. Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred by the Authority which are payable out of the Revenues in whole or in part. However, the City is permitted to enter into other

obligations which constitute additional charges against its revenues, including pursuant to additional leases involving the Leased Property, without the consent of Owners of the Bonds.

Risks of Investment. Debt service on the Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease. The Lease Payments are payable from revenues available in the City's general fund, which revenues may be materially adversely affected by numerous factors outside the City's control. For a discussion of some of the risks associated with the purchase of the Bonds, see "BOND OWNERS' RISKS."

NEITHER THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

General

The Bonds are being issued to finance development of a new multi-generational community resiliency center and tenant improvements to the City's police station, and to pay costs of issuance for the Bonds.

Multi-Generational Resiliency Center. The City received a $7.25 million grant to be used for the construction of a 15,400 square foot addition to the existing 11,618 square foot Kerman Community Center to create the Kerman Area Multi-Generational Resiliency Center located at 15101 West Kearney Boulevard in the City. The total project cost is estimated a approximately $16.383 million; however, the amount funded through the grant program will specifically cover the hard costs associated with the construction project's resiliency features. The City will match the remaining funds necessary for the project using a portion of the proceeds of the Bonds.

New Police Station Improvements. The City recently purchased a new building, including an adjacent vacant lot anticipated to be used for parking, located at West B Street and South Madera Avenue in the City for approximately $2.9 million. It will be relocating the existing police station facility to the new location, following making tenant improvements expected to be in a cost range of approximately $10-12 million. The tenant improvements will be paid in part from proceeds of the Bonds.

Estimated Sources and Uses

The estimated sources and uses of funds relating to the Bonds are as follows:

Sources:	
Principal Amount of Bonds	$
Plus/Less [Net] Original Issue Premium/Discount	
TOTAL SOURCES	$
Uses:	
Deposit to Project Fund	
Costs of Issuance[(1)]	
TOTAL USES	$

(1) Represents funds to be used to pay Costs of Issuance, which include rating agency fees, bond counsel, disclosure counsel, Trustee fees, Underwriter's discount and other costs of issuing the Bonds[, including premiums for bond insurance and reserve fund insurance].

THE LEASED PROPERTY

Leased Property

The Leased Property consists of the City's interest in [(i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S. Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] [To be finalized].

Simultaneously with the delivery of the Bonds, the Authority will acquire a leasehold interest in the Leased Property from the City. The Authority will sublease the Leased Property to the City pursuant to the Lease. Under the Lease, the City has agreed to maintain the Leased Property in good working condition.

The City estimates that the Leased Property has a value of at least the aggregate principal amount of the Bonds. The City and the Authority, based on records they maintain, estimate the current annual fair rental value of the Leased Property to be not less than the amount of the annual Lease Payments.

Bondholders do not have a mortgage on any portion of the Leased Property and no ability to foreclose on the Leased Property or accelerate the Lease Payments in the event of a default. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" and "SECURITY FOR THE BONDS – Remedies on Default" herein.

Substitution and Release

Substitution of Lease Property. Under the Lease, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the conditions set forth in the Lease, which consist of the following:

- No Event of Default has occurred and is continuing.
- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of the Lease, the Site Lease and the Assignment Agreement, which adds the legal description of the Substitute Property to the Lease and deletes therefrom the legal description of the Former Property.
- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the then-aggregate principal amount of Lease Payments then due hereunder.
- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City, constitutes property which the

City is permitted to lease under the laws of the State of California, and has been determined to be important to the proper, efficient and economic operation of the City.

- The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made in the Lease.

- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such substitution is at least equal to the aggregate principal amount of the Lease Payments then due under the Lease, (ii) the estimated fair rental value of the Leased Property following such substitution is at least equal to the remaining Lease Payments due under the Lease, and (iii) the useful life of the Substitute Property at least extends to the stated termination date of the Lease.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property as set forth above.

Release of Leased Property. Under the Lease, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease (the "**Released Property**") provided that the City has satisfied all of the requirements under the Lease that are conditions precedent to such release, which consist of the following:

- No Event of Default has occurred and is continuing.

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of the Lease, the Site Lease and the Assignment Agreement, which removes the Released Property therefrom.

- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such release is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, and (ii) the estimated fair rental value of the Leased Property following such release is at least equal to the remaining Lease Payments due thereunder.

Upon the satisfaction of all the conditions precedent set forth in the Lease, the term of the Lease will end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Bonds.

Year Ending October 1	Principal	Interest	Total Debt Service
Total:			

THE BONDS

This section provides summaries of the Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Authority for Issuance

The Bonds are being issued under the Bond Law and the Indenture, approved pursuant to the Authority Resolution and the City Resolution.

General Provisions

Bond Terms. The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

***Payments of Principal and Interest*.** Interest on the Bonds will be payable on April 1 and October 1 in each year, beginning [April 1], 2026 (each an "**Interest Payment Date**"). Interest on the Bonds is payable from the Interest Payment Date next preceding the date of its authentication unless: a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, a Bond is authenticated on or before 15 days prior to the first Interest Payment Date, in which event interest thereon will be payable from the Closing Date, or interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is computed on the basis of a 360-day year composed of 12 months of 30 days each and payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See "– Book-Entry Only System" below.

Record Date. Under the Indenture, "**Record Date**" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be affected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

The Trustee may refuse to transfer or exchange, under the provisions of the Indenture described above, any Bonds selected by the Trustee for redemption under the Indenture, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Redemption

Optional Redemption. The Bonds maturing on or before October 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after

October 1, _____ , are subject to optional redemption in whole, or in part at the at the election of the Authority (at the direction of the City) among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after October 1, _____, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Mandatory Sinking-Fund Redemption. The Bonds maturing October 1, _____ (the "**Term Bonds**") are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following tables; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000 (as set forth in a schedule provided by the Authority to the Trustee).

Term Bonds Maturing October 1, _____

Sinking Fund Redemption Date (October 1)	Principal Amount To Be Redeemed

Extraordinary Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity in whole or in part among maturities as determined by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed (plus accrued but unpaid interest to the redemption date), without premium, from Net Proceeds received under the Lease Agreement and from amounts deposited in the Insurance and Condemnation Fund pursuant to the Indenture, and any other funds available for such purpose under the Indenture.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Bonds shall be selected for redemption on a pro-rata basis among outstanding maturities. For purposes of such selection, the Trustee will treat each Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption. The Trustee will mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Information Services.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the

redemption date. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

However, while the Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption Notice. The Authority has the right to rescind any notice of the redemption of Bonds under the Indenture by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Effect of Redemption. When notice of redemption has been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Lease and the Site Lease. See "APPENDIX C – Summary of Principal Legal Documents" for a more complete summary of the Indenture, the Lease, the Site Lease and the Assignment Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts held in any fund or account established under the Indenture (excluding amounts in the Cost of Issuance Fund and the Project Fund) are pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

"**Revenues**" are defined in the Indenture as (a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts the City is obligated to pay under the Lease or under another lease as additional amounts of rental for the use and occupancy of the Leased Property if such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or obligations other than the Bonds,, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee

Under the Assignment Agreement, the Authority will transfer to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under the provisions of the Lease regarding Additional Rental Payments, repayment of advances, indemnification, and the payment of attorneys' fees). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will immediately be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of the Indenture regarding the duties of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

Allocation of Funds by Trustee

Deposit of Revenues into Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under the Indenture, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

Transfers from the Bond Fund. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, including the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

Application of Accounts within Bond Fund.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates, and the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

Application of Redemption Fund. The Trustee will establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under the Indenture.

[***Application of Reserve Fund; Reserve Fund Insurance Policy***. To come, if applicable]

Lease Payments

Requirement to Make Lease Payments. Under the Lease, subject to the provisions of the Lease concerning rental abatement (see – "Abatement," below) and prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in the Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in the Lease (defined as the 5th Business Day immediately preceding each Interest Payment Date).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid under the Lease.

The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Rate on Overdue Lease Payments. If the City fails to make any of the payments of Lease Payments required in the Lease, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The Authority and the City have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Additional Rental Payments. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority:

(a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;

(b) All reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and

other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease or the Indenture;

(d) Amounts coming due and payable as Excess Investment Earnings in accordance with the Lease; and

(e) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving the Lease, the Bonds, the Indenture or any of the other documents contemplated thereby, or otherwise incurred in connection with the administration of the Lease.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Obligations

Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

However, the Lease provides that the Lease may be amended to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if

(a) such additional rent payments are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, and

(b) the City has filed with the Trustee a written certificate stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate then-outstanding principal amount of the Bonds and all such other bonds, notes or other obligations.

Source of Lease Payments; Covenant to Budget and Appropriate

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease regarding abatement. See "– Abatement" herein.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently and the remainder is useable for the City's purposes, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease continues in full force and effect and the City waives any right to terminate the Lease by virtue of any such damage and destruction.

Remedies on Default

Failure by the City to make Lease Payments, or failure to pay Additional Rental Payments or to observe and perform any other terms, covenants or conditions contained in the Lease or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute Events of Default under the Lease. Such events permit the Trustee or the Authority to pursue any and all available remedies. However, notwithstanding anything in the Lease or in the Indenture to the contrary, neither the Authority nor the Trustee have any right, under the Lease, the Site Lease or otherwise, to foreclose or sell the Leased Property, nor is there any right under any circumstances to

accelerate the Lease Payments or otherwise declare any Lease Payments that are not then in default to be immediately due and payable. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" herein.

Following an event of default, the Authority or the Trustee may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" herein.

In the Event of Default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease and neither the Authority nor the Trustee are empowered to sell the Leased Property.

The City will be liable only for Lease Payments on an annual basis and, in the Event of Default, the Authority or Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Property Insurance

Liability Insurance. Under the Lease, the City is required to maintain or cause to be maintained throughout the Term of the Lease, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Such policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease regarding self-insurance, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the then-outstanding Lease Payments. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by

the City in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such insurance must be applied as provided in the Lease.

Rental Interruption Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the Lease, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Title Insurance. The city is required obtain a CLTA title insurance policy insuring the City's leasehold estate under the Lease in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease.

Insurance Net Proceeds; Form of Policies. Each policy of casualty insurance, rental interruption insurance, and title insurance if any, maintained under the Lease must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Net Proceeds of such insurance must be applied as provided in the Lease.

The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required under the Lease are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any liability and property damage insurance maintained under the Lease is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that Joint Exercise of Powers Agreement dated as of August 15, 2007, by and

between the City and the Successor Agency to the Kerman Redevelopment Agency (as successor to the Kerman Redevelopment Agency), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code. [**Updates to come**]

The Authority was formed for the purpose, among others, of assisting the City in the acquisition, construction and financing of public improvements that are of public benefit to the City. Under the Law, the Authority has the power to lease real property in furtherance of the acquisition of public improvements necessary or convenient for the operation of the City, or to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale.

The Authority is governed by a five-member Board of Directors (the "**Board**"), which consists of the members of the City Council of the City. The Mayor serves as the Chairman, the City Manager serves as the Executive Director, the City Clerk serves as the Secretary, and the City's Finance Director serves as the Treasurer of the Authority.

THE CITY

General

The City was incorporated as a general law city in 1946. The City operates under a Council-Manager form of government. For additional background, and certain demographic and economic information regarding the City and the County, see APPENDIX B.

City Government

The City operates under a Council-Manager structure of government. Policy making and legislative authority are vested in the City Council, which is responsible, among other matters, for passing resolutions and ordinances, adopting the City budget, appointing committees, and hiring the City Manager. The City Council is comprised of five members, including a City-wide-elected Mayor and four Councilmembers elected by district. Each member serves a staggered 4-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City Council of the City currently consists of the following persons:

Name and Office	Current Term Expires
Maria Pacheco, *Mayor*	November 2028
Gary Yep, *Mayor Pro Tem (District 1)*	November 2026
Berdie Hall, *Councilmember (District 2)*	November 2028
Ismael Herrera, *Councilmember (District 3)*	November 2026
Raj Dhaliwal, *Councilmember (District 4)*	November 2028

Following are short biographies of the City Manager and Finance Director:

John Jansons, City Manager. Mr. Jansons has over 25 years' experience in local government and has served as Kerman City Manager since 2019. His prior experience includes serving as City Manager in Farmersville, Tulare County and as Town Manager, in Windsor in Sonoma County. He has a successful track record and experience serving as Redevelopment Director and Community Investment Director completing significant projects in economic development, redevelopment, and affordable housing in California and Oregon cities. Mr. Jansons has a Bachelors in International Relations from University California-Davis where he was selected in a national competition to serve a semester aboard at the American Embassy, London England with the United States Department of State.

Josefina Alvarez, Finance Director. Ms. Alvarez has over 20 years of local government experience working for the City of Kerman. Her experience includes processing all functions of the Finance Department, and managing multiple city, state and federal grants. Ms. Alvarez has an Associates Degree in Accounting, and has been a notary public since April 2017.

Theresa Johnson, CPRP, Community Services Director. Ms. Johnson has over 24 years of experience in the local government sector, specializing in Parks, Recreation, and Community Services, and has served as Community Services Director since 2022. Her prior experience includes serving as a Community Services Coordinator, Recreation Coordinator, and Recreation Supervisor in the cities of Kingsburg, Selma, San Gabriel,

and for the past 11 years in Kerman. She has managed local, state, and federally funded programs and projects, including but not limited to park and facility development, program planning, and implementation. Ms. Johnson earned a Bachelor's degree in Recreation Administration with an emphasis in Leisure Service Management with certificates in Special Event Planning and Serving At-Risk Youth, as well as a Certified Park and Recreation Professional (CPRP) through the National Recreation and Park Association.

Labor Relations

The City had approximately 83 full-time employees as of June 30, 2025. All employees are covered by the City's Personnel Rules and Regulations adopted by the City Council. Under State law, public employees have the right to "collective bargaining", the right to be represented by unions regarding wages, hours and working conditions. Most City employees are represented by one of four bargaining units that are covered by a Memorandum of Understanding, union contracts that result from good faith negotiations under the terms of State law. All other employees, including Management, are categorized as "unrepresented" or "confidential" employees (ineligible for union representation because of their job access to confidential personnel matters), and have a Schedule of Benefits outlining benefits, and policies, etc. The City characterizes labor relations as being good, stable and productive. Negotiations with one labor group is currently ongoing. The City has not experienced a major work stoppage by City employees in the last 20+ years.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("**GAAP**") and the standards established by the Governmental Accounting Standards Board ("**GASB**").

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accumulated unpaid vacation, sick pay and other employee benefit amounts, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual are sales taxes and interest revenue. Forfeitures, licenses, other permits and miscellaneous revenue are not susceptible to accrual because they

are not measurable until received in cash. Grant funding received in advance of the related expenditure is accounted for as unearned revenue.

Grant revenues are recognized in the Fiscal Year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City Council employs, at the beginning of each Fiscal Year, an independent certified public accounting firm which, at such time or times as specified by the City Council, at least annually, at such other times as such firm shall determine, examines the books, records, inventories and reports of all officers and employees who receive, control, handle or disburse public funds and of all such other officers, employees or departments as the City Council may direct. As soon as practicable after the end of the Fiscal Year, a final audit and report is submitted by such firm to the City Council and a copy of the financial statements as of the close of the Fiscal Year is published.

For additional details, see APPENDIX A.

General Fund, the Budget Process and Information

General Fund. The City's General Fund is its primary operating fund and is where the City accounts for all its general-purpose revenues. It is distinguished from the City's other governmental funds that are used to account for special purpose revenues, capital projects, debt service activities, and monies held for the benefit of others.

Fiscal Year Budget Process. The City operates on a Fiscal Year basis that begins on July 1 of each year and ends on June 30 of the following year. The annual budget adopted by the City Council provides for the general operation of the City. Development of the City's annual budget is a process which generally begins in February and March and continues until the budget is adopted by the City Council in June. The General City Budget includes programs which are provided on a largely City-wide basis. The programs and services are financed primarily by the City's share of sales tax, property tax, revenues from the State and/or federal government, and charges for services provided.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the Fiscal Year. Appropriations lapse at Fiscal Year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the Fiscal Year. The budgetary level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Fiscal Year 2025-26 Adopted Budget. The adopted budget for Fiscal Year 2025-26 was approved on June 11, 2024. The adopted budget projects General Fund revenues to be approximately $11.9 million and expenditures to be approximately $16.8 million. The adopted budget includes an expected capital reserve investment from Measure M of approximately $5.4 million. The vast majority of these revenues come from taxes and assessments.

Financial Statements

The City's accounting policies conform to generally accepted accounting principles and reporting standards set forth by the State Controller. The audited financial statements also conform to the principles and standards for public financial reporting established by GASB. The City's Annual Comprehensive Financial Report ("**ACFR**") for Fiscal Year 2023-24, including the City's audited financial statements, is set forth in Appendix A. The following table provides a five-year history of the City's General Fund revenues, expenditures, and changes in fund balances for Fiscal Years 2019-20 through 2023-24.

TABLE 1
City of Kerman
Statements of Revenues, Expenditures and Changes in General Fund Balance
Fiscal Years 2019-20 through 2023-24

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
Revenues					
Taxes	$6,737,248	$7,600,359	$8,085,737	$9,218,980	$9,135,520
Licenses, permits and impact fees	599,114	493,781	1,005,511	798,919	935,220
Intergovernmental	474,459	466,474	501,321	652,435	556,088
Charges for services	210,877	241,968	239,627	246,419	240,764
Fines and forfeitures	33,886	37,643	49,180	21,548	46,727
Rents	132,920	81,704	102,660	100,926	87,372
Investment earning, net of unrealized gain/(loss)	97,160	(6,078)	(64,751)	87,490	465,427
Other revenue	54,876	335,146	124,492	216,175	137,574
Total Revenues	**8,340,540**	**9,250,997**	**10,043,777**	**11,342,892**	**11,604,692**
Expenditures					
Current:					
General Government	617,833	733,650	1,237,962	1,092,891	1,458,732
Public works	811,115	849,204	875,589	1,048,214	1,249,444
Community development	503,717	371,266	377,775	467,290	590,126
Social services	623,057	703,337	718,143	667,896	7 77,468
Public safety	3,217,594	3,508,651	3,900,552	4,013,978	4,386,219
Capital outlay	138,981	1,474,244	1,010,676	400,339	977,391
Total expenditures	**5,912,297**	**7,640,351**	**8,120,697**	**7,690,608**	**9,439,380**
Excess (deficiency) of revenues over (under) expenditures	2,428,243	1,610,645	1,923,080	3,652,284	2,165,312
Other financing sources(uses)					
Lease revenues		--	106,388	147,947	98,650
Sale of an asset	--	128,409	--	--	--
Transfers in		10,496	--	--	
Transfers (out)		--	(243,700)	(94,689)	(590,567)
Total other financing sources[(1)]	**(193,920)**	**138,905**	**(137,312)**	**53,258**	**(491,917)**
Net Change in fund balances	**2,234,323**	**1,749,550**	**1,785,768**	**3,705,542**	**1,673,395**
Beginning of year	**4,426,596**	**6,660,919**	**8,410,469**	**10,196,237**	**13,901,779**
End of year	**$6,660,919**	**$8,410,469**	**$10,196,237**	**$13,901,779**	**$15,575,174**

(1) Only net transfers in/(out) information available for certain fiscal years.
Source: City Finance Department and City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Statements of Revenues and Expenditures. The following table provides a five-year history of the City's General Fund revenues, expenditures, and changes in fund balances for Fiscal Years 2019-20 through 2023-24.

TABLE 2
City of Kerman
General Fund Balance Sheets
Fiscal Years 2019-20 through 2023-24

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
Assets					
Cash and investments	$4,457,333	$7,058,206	$8,779,669	$11,168,887	$13,386,679
Accounts receivable	22,211	34,986	22,255	21,076	19,785
Taxes receivable	1,009,923	970,993	1,072,342	1,774,305	1,269,563
Leases receivable	--	--	745,077	653,761	560,909
Prepaids	1,034	--	2,784	--	55,007
Due from other governments	52,440	91,332	102,164	139,978	104,824
Interest receivable	19,649	7,558	22,388	107,673	199,072
Due from other funds	1,446,853	1,095,958	609,981	1,173,703	1,321,770
Total Assets	**7,009,443**	**9,259,033**	**11,356,660**	**15,039,383**	**16,917,609**
Liabilities					
Accounts payable	335,898	836,502	431,961	506,464	810,147
Due to other funds	--	--	--	--	--
Deposits payable	9,379	8,750	10,578	12,400	12,200
Unearned revenue	3,247	3,312	--	--	3,378
Total Liabilities	**348,524**	**848,564**	**442,539**	**522,242**	**825,725**
Deferred Inflow of Resources					
Deferred right to use lease revenue	--	--	717,884	615,362	516,710
Total Deferred Inflows of Resources	**--**	**--**	**717,884**	**615,362**	**516,710**
Fund Balances					
Unfunded liability	100,000	100,000	100,000	100,000	100,000
Emergency reserve	1,478,074	1,885,088	2,005,174	1,897,652	2,334,845
Revenue stability reserve	886,845	1,131,053	1,203,105	1,138,591	1,400,907
Major asset repair and replacement reserve	886,845	1,131,053	1,203,105	1,138,591	1,400,907
Unassigned	3,309,156	4,163,275	5,684,854	9,626,945	10,338,515
Total Fund Balance	**6,660,919**	**8,410,469**	**10,196,237**	**13,901,779**	**15,575,174**
Total Liabilities & Fund Balance	**$7,009,443**	**$9,259,033**	**$11,356,660**	**$15,039,383**	**$16,917,609**

Source: City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Governmental Activities Key Revenue Components (Taxes and Assessments). The following tables sets forth the components of the City largest category of revenues (Taxes and Assessments), encompassing the General Fund and funds related to other governmental activities.

TABLE 3
City of Kerman
Governmental Activities – Components of Taxes and Assessments
Fiscal Years 2019-20 through 2023-24

Type of Tax	2019-20	2020-21	2021-22	2022-23	2023-24
Property taxes	$2,607,496	$2,811,398	$2,978,759	$3,331,004	$3,671,701
Special assessments	237,404	240,602	237,806	355,159	380,457
Sales taxes	4,291,380	4,969,193	5,310,960	6,102,938	5,759,619
Franchise and other taxes	127,452	136,653	150,911	177,341	189,465
Business licenses	70,970	95,902	87,503	93,766	117,084
Rents	374,787	324,332	273,087	344,623	421,168
Interest income /(loss)	147,952	14,831	(40,259)	168,185	598,169
Gain on sale of assets	--	128,409	--	--	--
Other	108,655	400,885	190,780	276,491	208,398
Transfers	(31,283)	252,456	430,879	61,150	309,105
Totals	**$7,934,813**	**$9,374,661**	**$9,620,426**	**$10,910,657**	**$11,655,166**

Source: City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Sales and Use Taxes

Overview. Sales and use taxes typically represents the largest source of tax revenues to the City's General Fund. Sales and use taxes are less stable sources of revenues to the City, given that they are based on consumer spending within the City which is impacted by a variety of factors including the overall economy and other factors.

Historic Taxable Transactions. The following table shows historical taxable transactions in the City for the most recent three years available.

TABLE 4
City of Kerman
Taxable Transactions
Fiscal Years 2022 through 2024
(In Thousands of Dollars)

	2022	2023	2024	% Change from 2023-24
Motor Vehicle and Parts Dealers	$12,117	$15,322	$16,065	4.62%
Home Furnishings and Appliances	--	$ 477	--	--
Building Materials	--	--	--	--
Food and beverage stores	5,029	5,871	6,124	4.13%
Gasoline stations	24,181	23,818	22,590	-5.43%
Clothing and Clothing Accessories stores	2,984	2,977	3,150	5.49%
General merchandise stores	--	--	--	--
Food services and drinking places	26,785	29,885	30,657	2.52%
Other retail stores	86,939	83,431	83,836	0.48%
Total Retail and Food Services	**158,035**	**161,782**	**162,423**	**0.39%**
All other outlets	37,080	63,620	61,181	-3.99%
Total All Outlets	**$195,115**	**$225,402**	**$223,604**	**-0.80%**

Source: California Department of Tax and Fee Administration.

City of Kerman Measure M (1.0%). In November 2018, voters in the City approved Measure M, which established an additional 1.0% sales and use tax on taxable transactions within the City. Measure M was approved by 73.17% of the voters voting on the question and is a "general tax," which means funds are available for all general purposes of the City and not restricted to particular projects or services. There is no sunset date on this 1.0% sales and use tax.

The City intends to use a portion of Measure M revenues to pay the lease payments securing the Bonds.

State-Wide Sales Tax Law. Taxable transactions in the City are currently subject to the following sales and use tax, of which the City's share is only a portion. The City collects a percentage of taxable sales in the City (minus certain administrative costs) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"). The State collects and administers the sales tax under the Sales Tax Law, and makes distributions on taxes collected within the City, as shown in the following table. Measure M, a 1% general sales tax measure for essential city services and projects in the City (described further herein), was passed by the voters in November 2018.

TABLE 5
City of Kerman
Sales Tax Rate as of January 1, 2025

State of California	6.00%
Fresno County	0.25
City of Kerman Measure M	1.00
Fresno County Local Tax	1.00
Fresno County District Tax	0.725
Total	**8.975%**

Source: California Department of Tax and Fee Administration (CDTFA).

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the "**CDTFA**"). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the State Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, or county are required to be transmitted by the CDTFA to such city, city and county, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Applicability of Sales and Use Tax. Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the CDTFA's Publication 61 (December 2022) entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the CDTFA's website at http://www.cdtfa.ca.gov/. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Property Taxes

Property Taxes represents the second-largest sources of taxes to the City's General Fund, after sales and use taxes. Property taxes represent a very stable source of revenue to the City, and are based in large part on assessed valuations of property located in the City.

Property Tax Delinquencies; Teeter Plan. The Board of Supervisors of Fresno County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in Fresno County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. As a result, participating entities receive 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect, the City's receipt of revenues with respect to the levy of ad valorem property taxes levied in Fresno County will not be dependent upon actual collections of the ad valorem property taxes by each County. However, under the statute creating

the Teeter Plan, a Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire county and, in addition, a Board of Supervisors can terminate the Teeter Plan with respect to the City if the delinquency rate for all ad valorem property taxes levied within the City in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of ad valorem property taxes in the City would depend upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the City.

General Method of Property Tax Calculations. Proposition 13, passed in 1978, established the current property tax regime for local agencies, including the City, throughout the State. Under Proposition 13, subject to voter-approved debt and certain other exceptions, the base property tax rate on a parcel is limited to 1% of its assessed value and the property tax collected by this 1% County-wide rate is shared by the local agencies eligible to receive property taxes within the applicable County pursuant to applicable State law. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is also established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the State Constitution" for additional information.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a "decline-in-value." As of the January 1st (lien date) each year, the Assessor must enroll either a property's Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a "Proposition 8 Value." "Proposition 8 values" are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Levy and Collection of Property Taxes. Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which have a viable tax lien, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office

of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Historical Assessed Valuations. The table below presents the assessed valuation of taxable property in the City for the prior ten fiscal years.

TABLE 6
City of Kerman
Assessed Valuations of All Taxable Property
Fiscal Years 2015-16 through 2024-25

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2015-16	$600,286,525	$295,160	$30,938,900	$631,520,585	--%
2016-17	628,890,853	295,160	27,628,679	656,814,692	4.0
2017-18	681,421,657	295,160	28,651,470	710,368,287	8.2
2018-19	720,913,254	295,160	34,163,140	755,371,554	6.3
2019-20	777,949,156	313,915	30,620,810	808,883,881	7.1
2020-21	842,549,900	313,915	24,497,833	867,361,648	7.2
2021-22	878,929,354	329,115	29,604,634	908,863,103	4.8
2022-23	961,552,596	454,096	35,091,955	997,098,647	9.7
2023-24	1,062,884,576	502,118	35,365,686	1,098,752,380	10.2
2024-25	1,142,716,732	370,573	47,616,108	1,190,703,413	8.4

Source: California Municipal Statistics Inc.

Principal Property Taxpayers. The top twenty largest local secured property taxpayers in the City, as shown on the 2024-25 secured tax roll, are listed in the table below. See "– Property Taxes" above for additional information on the levy and collection of property taxes in the City.

TABLE 7
City of Kerman
Principal Property Taxpayers (Secured Roll)
Fiscal Year 2024-25

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	% of Total [(1)]
1.	Perfect Pac LP	Industrial	$ 30,336,022	2.65%
2.	Wal-Mart Real Estate Business Trust	Commercial	20,098,461	1.76
3.	Golden Meadows LLC	Apartments	18,373,244	1.61
4.	Joseph Crown Construction & Development	Residential Properties	12,987,220	1.14
5.	Kalpakoff Properties LLC	Industrial	12,855,946	1.13
6.	15649 West California Avenue LP	Apartments	12,100,000	1.06
7.	Kerman Strauss LLC	Commercial	9,192,177	0.80
8.	Pebble Brook LLC	Apartments	9,042,611	0.79
9.	Golden West Mobile Estates LLC	Mobile Home Park	7,807,509	0.68
10.	Helena Chemical Company	Industrial	7,472,639	0.65
11.	J S West & Company	Industrial	6,946,468	0.61
12.	Pacific West Coast Properties LLC	Commercial	5,561,923	0.49
13.	Pinnacle Agriculture Distribution Inc.	Industrial	5,407,639	0.47
14.	Kathana LLC	Commercial	4,521,795	0.40
15.	CA Manufacturing & Engineering Co LLC	Industrial	4,515,038	0.40
16.	G & B Investments	Apartments	4,400,330	0.39
17.	DBB Properties LLC	Commercial	3,438,216	0.30
18.	Kerman Go LLC	Commercial	3,127,972	0.27
19.	4G Holdings XI LLC	Commercial	3,060,000	0.27
20.	Century Communities of California LLC	Residential Properties	2,884,635	0.25
			$184,129,845	16.11%

(1) The total City secured assessed valuation for fiscal year 2024-25 is $1,142,716,732.
Source: California Municipal Statistics, Inc.

Transient Occupancy Tax

The City levies a "hotel/motel" tax, which is also known as a transient occupancy tax ("**TOT**") on short-term lodging stays in the City in the amount of 10% of the room rates charged by hotels, motels and similar establishments in the City. This revenue is included in the City's financial statements as Miscellaneous Revenue.

Other Sources of Revenues

Administration and Overhead Fees. Fiscal Year 2025-26 revenues remain the same as Fiscal Year 2024-25 with $310,771 for Administration and Overhead. These fees are charged to the various departments outside of the General Fund for their estimated share of costs related to the infrastructure and administration services provided by the City. No fee increases for administration and overhead are included in Fiscal Year 2025-26 budget.

Building Fees. Building Fees are projected at $987,500 for Fiscal Year 2025-26 which consist of Planning and Zoning Fees, Building Permits, Engineering Inspection Fees, Plan Check Inspection Fees and C & D Recycle Program.

Franchise Taxes. Franchise taxes are projected to increase 6.54% when compared to the Fiscal Year 2024-25 estimated year end budget. Franchise tax revenue is expected to be $236,549 for Fiscal Year 2025-26. Franchise taxes are paid to the City by PG&E and Comcast Cable Television.

Rents. Rental income is expected to slightly decrease by about 2.01% when compared to Fiscal Year 2024-25 estimated year end budget. This decrease is due to a lease that is expected to end December 2025. If the lessee agrees to renew the lease, revenues for rents should be back on track with an increase. The Fiscal Year 2025-26 projection for rental revenues is $189,962. The City's General Fund receives rent from the Community Teen Center, 942 S. Madera Avenue building, agricultural properties, cell tower leases and from other facilities and parks rentals.

Licenses and Permits. This revenue category is mainly comprised of business licenses, animal licenses and other licenses and permits. Total revenues for Fiscal Year 2025-26 in this category are $136,464, with business license revenue of $122,716, animal license of $7,000 and Miscellaneous Permits of $6,747.

Direct and Overlapping Bonded Debt

Set forth on the following page is a direct and overlapping debt report for the City (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City 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 City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency. Neither the City, the Authority nor the Underwriter has verified this information.

TABLE 8
City of Kerman
Direct and Overlapping Debt Statement
As of February 1, 2025

2024-25 Assessed Valuation: $1,190,703,413

OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/25**	
State Center Community College District	0.971%	$ 3,388,644	
Kerman Unified School District	51.477	20,039,537	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$23,428,181	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Fresno County General Fund Obligations	1.070%	$200,518	
Fresno County Pension Obligation Bonds	1.070	1,789,443	
City of Kerman General Fund Obligations	**100.000**	**2,659,000**	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$4,648,961	
COMBINED TOTAL DEBT		$28,077,142	(2)

Ratios to 2024-25 Assessed Valuation:

Direct Debt ($2,659,000)	**0.22%**
Total Direct and Overlapping Tax and Assessment Debt	1.97%
Combined Total Debt	2.36%

(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Relevant Fiscal Policies

General. The City has adopted a comprehensive set of fiscal policies to provide guidance for all fiscal activities and resource allocation decisions as defined in the annual budget. The policies set forth guidelines for both current activities and long-range planning. In addition, the City Council approved or adopted several other fiscal policies including:

- Investment Policy.
- Debt Management Policy.
- Reserve Policy

The following are certain highlighted aspects of the adopted policies.

City Investment Policy. The City invests its funds in accordance with the City's Investment Policy, in accordance with Section 53600 et seq. of the State Government Code. Idle cash management and investment transactions are the responsibility of the City Manager and City Treasurer. The Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy's stated overarching purpose is to (i) ensure that public funds are invested in such a manner as to comply with state and local laws; (ii) ensure prudent money management; (iii) provide for daily cash flow requirements; and (iv) meet the objectives of the Investment Policy (per California Government Code Section 53600.5) in the following order of priority:

Safety of Principal: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure

the preservation of capital in the overall portfolio. To attain this objective, the City strives to diversify its investments by investing funds among a variety of securities with independent returns.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. Maturities of investments are selected in anticipation if disbursement needs, thereby obviating the need for forced liquidation or lost interest penalties.

Return on Investments: The City's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the City's investment risk constraints identified in the Investment Policy and the cash flow characteristics of the portfolio.

Debt Management Policy. The City's Debt Management Policy sets forth parameters for issuing debt and managing the City's debt portfolio and generally sets forth the following: (i) the purposes for which the debt proceeds may be used, (ii) the types of debt that may be issued, (iii) the relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable, (iv) policy goals related to the City's planning goals and objectives, and (v) the internal control procedures that the City has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use. This policy will also assist the City in pursuing and maintaining quality credit ratings in addition to providing guidance to decision makers.

Reserve Policy. The City maintains four Reserve Policies to support the City during economic cycle fluctuations that affect City revenue generation, to secure greater stability in multi-year municipal financing, and to safeguard the public welfare and interest to provide continued service delivery to the Kerman residents, during unexpected revenue shortage or unplanned, necessary expenditures.

- Emergency Reserve- comprises 25% of operating expenditures, to cover an emergency, unanticipated expense or cash flow needs;
- Revenue Stability Reserve- comprises 15% of operating expenditures, to cover any unanticipated drop in sales or property tax revenues;
- Major Asset Repair and Replacement Reserve- comprises 5% of operating expenditures for repairs and 10% of operating expenditures for replacements, to cover any repairs and replacement of major facilities and equipment; and
- Undesignated Reserve- comprises any amount remaining after meeting minimum reserves, to cover any discretionary expenditures approved by the Council.

As of June 30, 2024, the General Fund had a Reserve Balance of $15,575,174.***Risk Management.*** The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority ("**CSJVRMA**"). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled

by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first $25,000 of each occurrence is charged directly to the member. Each member maintains a $1,000,000 self-insured retention ("**SIR**") amount covered by the Authority pooled investments. The Authority purchases excess liability coverage through the California Affiliated Risk Management Authority for the amount in excess of $1,000,000.

The City maintains a self-insured retention level of $50,000 for workers' compensation insurance. Coverage between $50,000 and $500,000 is provided through the risk pool. CSJVRMA participates in an excess pool which provides workers' compensation coverage from $5,000,000 to $200,000,000. Each program year is retrospectively adjusted three years after the end of the program year and annually thereafter.

The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager or directly from the Authority.

See APPENDIX A Note 9 for additional details regarding the City's pension and other employee benefits, including as relates to Risk Management.

Employee Retirement System; CalPERS

*This caption contains certain information relating to California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

General Information about the Pension Plans. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan ("**Plan**"), administered by CalPERS. The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "**risk pools**"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the City. The City's employer rate plans in the safety risk pool include the

Miscellaneous Plan ("**Miscellaneous**"), PEPRA Miscellaneous plan ("**PEPRA Miscellaneous**"), the Safety Classic plan ("**Safety Classic**"), and the PEPRA Safety plan ("**PEPRA Safety**").

PEPRA. On September 12, 2012, the California Governor signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2012 ("**PEPRA**") and that also amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. Effective January 1, 2013, PEPRA: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

***Actions Taken by CalPERS Related to Discount Rate and Other Assumptions*.** In 2013, the CalPERS' Board of Administration (the "**Board of Administration**") approved a recommendation to change the CalPERS amortization and smoothing policies. In 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities. In 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. In 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In 2016, the Board of Administration voted to lower its discount rate for local agencies over time.

On July 12, 2021, CalPERS announced it had achieved a preliminary investment return of 21.3% for the 12-month period ending June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the double-digit return triggered a November 2021 reduction in the discount rate from 7.00% to 6.80%.

Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under PEPRA will also see their contribution rates rise. PEPRA included certain other provisions to try to minimize pension costs for covered employees. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

Asset Volatility Ratio (AVR). Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For

example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio for the Miscellaneous Plan, the PEPRA Miscellaneous, the Safety Classic and the PEPRA Safety plan which a measure of each plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Benefits Provided. The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each Plan that were in effect at June 30, 2024, are summarized as follows:

Miscellaneous Plan

	Miscellaneous	
Hire Date	**Prior to January 1, 2013**	**PEPRA On or after January 1, 2013**
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits, as a % of eligible	2.00%	2.00%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	10.10%	7.68%

Employer Rate Plans in the Safety Risk Pool

	Safety Classic	PEPRA Safety
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.0% @ 55	2.0% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible	2.00%	2.00%
Required Employee Contribution Rates	7.00%	11.00%
Required Employer Contributions Rates	16.45%	10.85%

Source: City of Kerman - Audited Financial Statements for Fiscal Year 2023-24.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following the notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any

unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2024, the contributions recognized $777,836 as part of the pension expense.

Net Pension Liability. At June 30, 2024, the City reported a net pension liability for its Miscellaneous Plan of $3,614,718, and for its Safety Police Plan of $2,091,321. See Note 11 to the City's audited financial statements for the fiscal year ending June 30, 2024 attached hereto as Appendix A for more information.

No Other Post-Employment Benefit (OPEB) Plan

The City does not offer Other Post-Employment Benefits.

General Fund Long-Term Indebtedness

The following is the only long-term debt obligation payable from the City's General Fund.

2020 Refunding Lease Financing. In September 2020, the City and Authority entered into a lease refinancing agreement to refinance lease revenue bonds issued in 2007. Under this arrangement, the Authority agreed to assign its right to receive semiannual lease payments from the City in consideration of the receipt of funding in an amount of $3,041,000. The lease payments are made each April 1 and October 1 beginning in 2021 through 2037, with an interest rate of 2.31%. Webster Bank is the sole assignee under this financing.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the State Constitution

Section 1(a) of Article XIIIA of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975–76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment could serve to reduce the property-tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "newly constructed" the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIIIB of the State Constitution

Article XIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental

entity. The “base year” for establishing this appropriations limit is the 1978–79 Fiscal Year. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIIIB generally include authorizations to expend during a Fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIIIB provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIIIB was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds $100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long term General Fund lease obligations are generally excluded from the City’s appropriations limit. The City has never exceeded its appropriations limit.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional

special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the Bonds could be adversely affected.

Burden of Proof. Article XIIIC provides that local government "bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City's General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes

from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988–89 Fiscal Year, are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State–assessed revenue; and (ii) if county–wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State–assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Possible Future Initiatives

Article XIIIA, Article XIIIB and Propositions 218, 26, IA and 22 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the City's revenues or its ability to expend revenues.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – General Fund Long-Term Indebtedness."

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIIC and Article XIIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Leased Property caused by material damage, title defect, destruction to or condemnation of the Leased Property, Lease Payments will be subject to abatement. See "SECURITY FOR THE BONDS – Abatement" herein. In the event that such component of the Leased Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of in which proceeds of rental interruption insurance, if any, will be available in lieu of

Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Leased Property or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full. It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of issuance of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Leased Property results in abatement of the Lease Payments related to such Leased Property and if such abated Lease Payments, if any, together with moneys from rental interruption or use and occupancy insurance, if any, (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Bonds during the period that the Leased Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Reduction in Lease Payments due to abatement as provided in the Lease does not constitute a default thereunder, and no remedy is available to the Bond Owners under the Lease or the Indenture for nonpayment under such circumstances. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease – Abatement of Rental."

Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments

Failure by the City to make Lease Payments, or failure to pay Additional Rental Payments or to observe and perform any other terms, covenants or conditions contained in the Lease or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute Events of Default under the Lease. Such events permit the Trustee or the Authority to pursue any and all remedies available. However, notwithstanding anything in the Lease or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments that are not then in default to be immediately due and payable.

Following an event of default, the Authority or the Trustee may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease" herein.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease and neither the Authority nor the Trustee are empowered to sell the Leased Property. The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Authority or Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Additional Obligations of the City

General. The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Bonds, and may in the future be subject to liabilities payable from the general fund (some of which are described below). To the extent that additional obligations are incurred by (or imposed upon) the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Litigation. The City is subject to litigation arising in the normal course of business, and no assurance can be provided regarding the financial impact of any future litigation against the City. See "LITIGATION."

CalPERS Obligations. Many cities and other local agencies in the State have been faced with increased payments due to CalPERS in recent years. The City, like many other cities and local agencies in the State, is responsible for payments to CalPERS for its share of employee pension costs. Amounts owed to CalPERS for pension costs have increased in recent years and are expected to continue to increase, as CalPERS implements changes to its discount rate and other methodologies for calculating pension costs. See "THE CITY – Pension Plans" for additional information on CalPERS.

Default

Whenever any event of default referred to in the Lease happens and continues, the Trustee (as assignee of the Authority) is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service on the Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Sales Taxes

Sales tax revenues are typically the biggest source of revenue to the City, behind property taxes. Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, before final maturity of the Bonds, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the CDTFA for administering the City's sales tax could also be changed.

Property Taxes

Property taxes are a significant source of General Fund revenue to the City. Certain risks associated with property tax revenues follow.

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the Bonds when due.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien

date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City's property tax revenues.

Natural Calamities

General. Natural disasters, such as seismic events, flooding, landslides or wildfires, could affect economic activity in the City, and could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the City or impact the Leased Property.

Seismic. Like much of the State, the City is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the area of the City, such an occurrence may adversely affect economic activity in the City, and could have a negative impact on City finances. The City could be at risk from strong ground motion and secondary effects related to a seismic event, including ground failure and seismically induced flooding caused by dam failures.

Droughts. California is subject to droughts from time-to-time. Although California is not currently in a drought, drought may reoccur in the future, and have a material adverse impact on the economic activity in the City, which in turn could have a material adverse impact on the City's General Fund finances.

Wildfires and Fire Insurance. In the past, drought conditions in the State (see "– Natural Calamities – Droughts" above) have led to increased risk of wildfire. In particular, certain electrical

operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in California, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Although not located in a very high fire hazard severity zone, no assurance can be given that wildfires will not erupt in the City and negatively impact development of property in the City or willingness and ability to pay property taxes in the future.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the "Governor's Order") which canceled penalties, costs and interest on overdue property taxes) within certain zip codes affected by the Palisades Fire and the Altadena Fire during calendar year 2025. This will likely cause a delay in the payment of taxes by certain property owners in any areas affected by the Governor's Order. In the event of a major fire or other natural disaster affecting the City, a similar order affecting the City could impact the debt service payment for the Bonds.

Climate Change. City finances may be negatively impacted by climate change. Local impacts of climate change are not definitive, but parcels in the City could experience changes to local and regional weather patterns; increased risk of flooding from severe weather events including heavy rain, hail and thunderstorms; and water restrictions resulting from future drought conditions. See, for example, the discussions above regarding extreme heat, wildfires and droughts.

Pandemic Diseases

In recent years, the COVID-19 pandemic impacted governments, businesses and people in a manner having negative effects on global and local economies. In response to the pandemic, the City took actions to activate its emergency operations center, temporarily close all non-essential City services, introduced teleworking as and where appropriate, implemented daily screening of all employees, and abided by all state and federal guidelines and orders.

Although the COVID-19 pandemic is now officially over, the City cannot predict the impact that COVID-19 or another future pandemic or other health event may have on the City's General Fund. There can be no assurances that the spread of future pandemics or other health events, such as declining business and travel activity, will not materially adversely impact the financial condition of the City and the City's General Fund. In addition, the City may experience increased personnel costs and/or reduced revenues due to any such situation and the related impact on economic and other activity in and around the City.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. The City has cyber safety protocols in place and maintains insurance coverage for loss resulting from cyber security incidents, however no assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. To date, the City

experienced one cyber security incident, which was discovered as a result of the City's cyber safeguards and resolved by the City and its cyber insurer with no adverse consequences to the City.

The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of property taxes, the Trustee, and the dissemination agent. No assurance can be given that the City and/or the other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel, concurrently with the issuance of the Bonds, will include a qualification that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture, the Lease and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See "APPENDIX E — FORM OF OPINION OF BOND COUNSEL."

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being

made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not

purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which is set forth in "APPENDIX E – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will also be passed upon for the City and the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP.

LITIGATION

Except as may otherwise be set forth in this Official Statement, to the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal,

state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease.

RATINGS

It is anticipated that S&P Global Ratings ("**S&P**"), a division of Standard & Poor's Financial Services LLC will assign its municipal bond rate of "_____" on the [Insured Bonds/Bonds] in anticipation of the Insurer issuing its Policy on the [Insured Bonds/Bonds]. S&P has also assigned an underlying municipal bond rating of "____" to the Bonds.

These ratings reflect only the views of S&P, and an explanation of the significance of these ratings, and any outlook assigned to or associated with these ratings, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data by not later than nine months after the end of the City's fiscal year, or April 1, of each year (based on the City's current fiscal year-end of June 30), commencing April 1, 2026, with the report for the 2024-25 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate."

The City has not been subject to continuing disclosure obligations under the Rule during the past five years.

MUNICIPAL ADVISOR

The City and the Authority have retained Fieldman, Rolapp & Associates, Inc., of Irvine, California, as municipal advisor (the "**Municipal Advisor**") in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The Municipal Advisor takes no responsibility for the accuracy or completeness

of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

UNDERWRITING

Oppenheimer & Co. Inc., as underwriter (the "**Underwriter**"), has entered into a Bond Purchase Agreement with the Authority and the City under which it will purchase the Bonds at a purchase price of $_____, which is equal to the par amount of the Bonds, [plus a purchase premium][minus a purchase discount] of $_____, less an Underwriter's discount of $_____.

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

CONTINGENT FEES

In connection with the issuance of the Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall LLP, as Bond Counsel and Disclosure Counsel; Fieldman, Rolapp & Associates, Inc., as municipal advisor; Stradling Yocca Carlson & Rauth LLP, as counsel to the Underwriter; and U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

KERMAN PUBLIC FINANCING AUTHORITY

By:_____
Executive Director

CITY OF KERMAN

By:_____
City Manager

APPENDIX A

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2024

APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF KERMAN AND THE COUNTY OF FRESNO

*The following information concerning the County of Fresno (the "**County**") and the City of Kerman (the "**City**") is included only for the purpose of supplying general information regarding the area. The Bonds are not a debt of the County, the City, the State of California (the "**State**") or any of its political subdivisions, and neither the County, the City, the State nor any of its political subdivisions is liable therefor. The City and the Underwriter take no responsibility for the accuracy or completeness of such information.*

General

The City. The City, incorporated in 1946, is located 16 miles west of the City of Fresno in the San Joaquin Valley. It is one of the fasting growing cities in California, and while predominately agricultural, there has been a shift on economic development in recent years, leading to industrial expansions.

The County. The County is California's fifth-largest county as measured by area, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is a melon-producing area, which lies within the Mendota Unified School District. Also, to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in the Central Valley and is a hub of transportation facilities connecting the Central Valley to all parts of the Country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Routes 180 and 198 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

[Remainder of page intentionally left blank]

Population

The most recent estimate of the County's population at January 1, 2025 was 1,037,053 persons according to the State Department of Finance. The City, with an estimated population of 17,535 persons at January 1, 2025. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

FRESNO COUNTY
Population Estimates for Cities Within the County
Calendar Years 2021 through 2025

	2021	2022	2023	2024	2025
Clovis	121,581	123,801	125,000	127,674	129,121
Coalinga	17,519	17,328	17,259	17,252	17,608
Firebaugh	8,145	8,434	8,524	8,510	8,714
Fowler	6,837	6,952	7,193	7,436	7,667
Fresno	542,445	544,097	545,585	552,751	557,032
Huron	6,180	6,187	6,153	6,421	6,932
Kerman	**16,034**	**16,646**	**17,014**	**17,403**	**17,535**
Kingsburg	12,527	12,496	12,953	13,167	13,285
Mendota	12,496	12,505	12,493	12,598	12,710
Orange Cove	9,588	9,559	9,504	9,622	9,717
Parlier	14,535	14,504	14,459	14,535	14,649
Reedley	24,906	25,014	25,494	25,950	26,603
Sanger	26,647	26,439	26,421	26,652	27,037
San Joaquin	3,688	3,656	3,636	3,653	3,654
Selma	24,674	24,513	24,453	24,487	24,585
Balance of County	160,884	160,219	159,492	160,009	160,204
Total	**1,008,686**	**1,012,350**	**1,015,633**	**1,028,120**	**1,037,053**

Source: State Department of Finance estimates (as of January 1).

[Remainder of page intentionally left blank]

Industry and Employment

The unemployment rate in the Fresno MSA was 7.8 percent in May 2025, down from a revised 8.4 percent in April 2025, and above the year-ago estimate of 7.3 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 4.0 percent for the nation during the same period. The unemployment rate was 7.9 percent in Fresno County, and 7.2 percent in Madera County.

The table below provides information about employment by industry type for Fresno County for calendar years 2020 through 2024.

FRESNO COUNTY
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
(Annual Averages)
(March 2024 Benchmark)

	2020	2021	2022	2023	2024
Civilian Labor Force [1]	504,100	503,000	511,300	527,400	538,700
Employment	445,500	456,700	477,800	488,200	496,200
Unemployment	58,700	46,300	33,400	39,100	42,500
Unemployment Rate	11.6%	9.2%	6.5%	7.4%	7.9%
Wage and Salary Employment: [2]					
Agriculture	51,800	52,500	53,000	54,200	53,600
Mining and Logging	300	400	400	400	400
Construction	20,700	22,300	24,400	24,800	25,200
Manufacturing	29,100	29,400	30,300	30,200	30,300
Wholesale Trade	15,500	15,900	17,100	17,300	17,700
Retail Trade	40,800	43,300	44,100	44,400	43,600
Trans., Warehousing, Utilities	19,200	20,500	21,700	21,200	21,600
Information	3,200	3,200	3,500	3,200	2,800
Financial and Insurance	9,200	8,600	8,200	7,500	7,100
Professional and Business Services	34,900	35,000	36,900	36,200	36,500
Educational and Health Services	80,500	83,900	88,100	92,800	98,900
Leisure and Hospitality	32,100	36,600	41,100	41,900	42,300
Other Services	12,100	13,100	14,100	15,700	16,000
Federal Government	11,200	10,400	9,900	9,700	9,700
State Government	15,100	14,600	14,900	15,200	15,700
Local Government	57,000	56,900	60,400	63,100	66,300
Total All Industries [3]	437,800	451,600	473,500	483,300	493,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Columns may not sum to totals due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table shows the major employers in the County as of July 2025, in alphabetical order without regard to the number of employees.

FRESNO COUNTY
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Air National Guard	Fresno	Veterans' & Military Organizations
Amazon Fulfillment Ctr	Fresno	Mail Order Fulfillment Service
California State Univ Fresno	Fresno	Schools-Universities & Colleges Academic
Cargill	Fresno	Meat Packers (mfrs)
City of Fresno	Fresno	Theatres-Live
Community Regional Medical Ctr	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno Police Dept-Central	Fresno	Police Departments
Fresno Police-Mgmt Support	Fresno	Police Departments
Fresno VA Hospital Medical Ctr	Fresno	Hospitals
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service (mfrs)
Pelco Inc	Fresno	Security Control Equip & Systems-Mfrs
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
St Agnes Medical Ctr	Fresno	Medical Centers
St Agnes Medical Ctr	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Junior-Community College-Tech Institutes
Table Mountain Casino	Friant	Casinos
Taylor Communications	Fresno	Communications
Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.

[Remainder of page intentionally left blank]

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State, and the United States for the period 2021 through 2025.

CITY OF KERMAN, FRESNO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
As of January 1, 2021 through 2025

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	City of Kerman	$240,713	$45,813
	Fresno County	20,194,328	48,681
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Kerman	$288,736	$53,836
	Fresno County	23,555,796	57,777
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Kerman	$317,484	$59,322
	Fresno County	24,597,995	58,117
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Kerman	$315,730	$56,523
	Fresno County	26,806,122	63,348
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Kerman	$301,158	$52,321
	Fresno County	27,508,071	64,590
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during calendar year 2024 in the City were reported to be $12,414,531,955, a 4.00% decrease from the total taxable sales of $12,932,172,866 reported during calendar year 2023.

CITY OF KERMAN
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	8,373	$6,264,108	13,770	$8,312,385
2021	8,056	10,320,892	13,398	12,810,755
2022	8,264	10,611,042	13,837	13,379,875
2023	7,941	9,999,468	13,415	12,932,173
2024	8,003	9,602,489	13,568	12,414,532

Source: State Department of Tax and Fee Administration.

Total taxable sales reported during calendar year 2024 in the County were $22,935,579,795, a 3.17% decrease from the total taxable sales of $23,686,220,050 reported during calendar year 2023.

COUNTY OF FRESNO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	14,811	$11,671,337	24,307	$17,078,806
2021	14,162	16,672,884	23,521	22,960,963
2022	14,654	17,230,232	24,512	24,307,053
2023	14,316	16,410,906	23,970	23,686,220
2024	14,520	15,871,353	24,413	22,935,580

Source: State Department of Tax and Fee Administration.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Kerman (the "City") in connection with the issuance by the Authority of the bonds captioned above (the "Bonds"). The Bonds are being issued under an Indenture of Trust dated as of [October 1], 2025 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), as amended.

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

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means nine months after the end of the City's fiscal year, or April 1, of each year (based on the City's current fiscal year-end of June 30).

"*Dissemination Agent*" means _____, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"*Official Statement*" means the final official statement, executed by the City and the Authority in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Oppenheimer & Co. Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for Fiscal Year 2024-25, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) Audited Financial Statements of the City prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report shall contain information showing:

(i) the principal amount of Bonds outstanding and the balance in each fund under the Indenture, as of June 30 preceding the Annual Report; and

(ii) updates to the substance of the information contained in the following tables in the Official Statement: [**Review/Confirm**]

(1) Table 1 – Statements of Revenues, Expenditures and Changes in General Fund Balance

(2) Table 2 – General Fund Balance Sheets

(3) Table 6 – Assessed Valuations of All Taxable Property

(4) Table 7 – Principal Property Taxpayers (top 10 only)

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults, if material.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
(7) Modifications to rights of security holders, if material.
(8) Bond calls, if material, and tender offers.
(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities, if material.
(11) Rating changes.
(12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
(13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

(15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for definition of "financial obligation," see clause (f)).

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for definition of "financial obligation," see clause (f)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For the purposes of the event identified in (a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(e) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(f) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles

on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate shall be governed by the laws of the state of California.

Date: _____, 2025

CITY OF KERMAN

By_____
Name:_____
Title:_____

ACCEPTED AND AGREED:

_____,
As Dissemination Agent

By_____
Authorized Representative

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors
Kerman Public Financing Authority
850 S Madera Avenue
Kerman, California 93630

OPINION: $_____Kerman Public Financing Authority
2025 Lease Revenue Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the Kerman Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the above-referenced bonds (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to (i) Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), and (ii) the Indenture of Trust (the "Indenture"), dated as of [October 1], 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), which were approved by a resolution adopted by the Board of Directors of the Authority on [August 27], 2025 (the "Authority Resolution"). Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal and interest on the Bonds when due, including primarily lease payments to be made by the City of Kerman (the "City") pursuant to the Lease Agreement, dated as of [October 1], 2025, between the City and the Authority (the "Lease"), which was approved by a resolution adopted by the City Council of the City on [August 27], 2025 (the "City Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Lease, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Authority Resolution, to enter into the Indenture, and to perform the agreements on its part contained therein, and to issue the Bonds.

2. The City is a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, with the power to adopt the City Resolution, to enter into the Lease, and to perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

8. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

Neither the issuer of the Bonds (the "Issuer") nor the trustee appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

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

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of ___. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

STAFF REPORT

TO: Mayor and City Council

MEETING DATE: August 27, 2025

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Consideration of a Resolution of Board of Directors of the City of Kerman Public Financing Authority authorizing the issuance and sale of 2025 Lease Revenue Bonds (JA)

RECOMMENDATION: That the Board, by motion, adopt resolution approving, authorizing and directing the issuance and sale of lease revenue bonds in an amount not to exceed $25,000,000 to assist the City of Kerman in financing capital improvements, and approving related documents and actions for issuance and sale of 2025 Lease Revenue Bonds.

EXECUTIVE SUMMARY:

Approval of the attached Resolution **Attachment 'A'** enables the City and the Kerman Public Financing Authority to issue the 2025 Lease Revenue Bonds (the "Bonds") to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (the "Projects").

The City has identified several priority capital projects that would be possible with funding from the Measure M program including an Animal Shelter, Hart Ranch Park, Multi-Generational / Senior Center, new Police Station and a Downtown Revitalization Program.

To date the animal shelter has been completed, Hart ranch Park is under construction with an estimated completion date of Summer 2026, and a significant phase of Downtown Revitalization and Beautification was completed in early 2025.

To advance the Multi-Generational / Senior Center, the City was successfully awarded a $7.25M grant from the CA Dept. of Agriculture toward what is estimated to be a $15 million dollar project. Subsequent pursuit of additional grants to finance this project have been unsuccessful. The bond issuance will provide the remaining funds needed to undertake this project.

In 2023, the City purchased an existing building for the new Police Station. This acquisition was funded with a grant/earmark from the State of California, made possible by Assembly Member Esmerelda Soria. Funding from the proposed bond issuance of approximately $12M will be used to fund the design and remodel of the building and grounds.

DISCUSSON:

Financing Structure and Security -

Under a lease/leaseback structure detailed below, the Bonds are payable from semi-annual lease payments the City makes to the Authority. These payments, assigned to the Trustee under a sublease for the City properties listed below (the “Leased Properties”), are a General Fund obligation of the City and must be appropriated annually by the City Council. They are not secured by a lien or pledge on any specific City revenues or by a lien on the leased properties.

Initial Leased Properties:

Asset	Location
Police Station	850 S Madera Ave
Office Building	15061 W C Street (New Police Station)
Whse/Shop Building	15061 W C Street (New Police Station)
PW Office Building	15201 W California Ave
PW Shop Building	15201 W California Ave
PW Shop	15201 W California Ave
Office Building	942 S Madera Ave
Animal Shelter	15375 W California Ave ("A" Street)
Community Teen Center	15101 W Kearney Plaza
Lion's Park	744 S Park Ave
Kerckhoff Park	15061 W G Street
Hart Ranch Park	13833 W California Avenue

Legal Structure:

The Authority will be the issuer of the proposed Bonds. In connection with the issuance of the Bonds, the City will enter into a Site Lease with the Authority, pursuant to which the City will lease certain City-owned property (Leased Property), to the Authority. Under a simultaneous Lease Agreement, the Authority will lease the Leased Property back to the City. Under the Lease Agreement, the City will agree to make rental payments to the Authority for the beneficial use and occupancy of the Leased Property. Such rental amounts will be calculated to be sufficient in time and amount to pay the debt service payments on the Bonds. Pursuant to an Assignment Agreement, the Authority will assign certain rights under the Lease Agreement to U.S. Bank Trust Company, N.A., as trustee (the “Trustee”) for the Bonds, including the right to receive the rental payments under the Lease Agreement. Due to the fact a portion of the Bonds will be secured by lease payments on the yet to be completed Projects, the City will be required to fund capitalized interest on a portion of the Bonds through April 1, 2028, which represents the expected time period of construction (24 months) plus an additional 12 months.

The Bonds will be issued pursuant to an Indenture of Trust to be entered into among the City, the Authority and the Trustee, which will govern certain key terms of the Bonds including repayment dates, redemption terms, interest rate and rights and remedies of Bond owners.

Staff has been notified that the City has received an underlying credit rating of "A" for the Bonds from Standard & Poor's ("S&P"). Staff, working with its consultants, is also in the process of obtaining municipal bond insurance (rated "AA" by S&P) and a debt service reserve fund surety for the Bonds. It is anticipated that a municipal bond insurance policy and/or a debt service reserve fund surety will be obtained as an additional benefit to the City. Information on the City's General Fund and related risks is provided to investors in the offering document for the Bonds (the Preliminary Official Statement). Additional details on the legal and disclosure documents are outlined below.

Bond Sizing (Not-to-Exceed Amounts):

In order to authorize the sale of the Bonds, staff must provide not-to-exceed amounts in the City Resolution and the Authority Resolution. In order to provide staff with maximum flexibility in determining the optimal size of the Bonds, staff requests: a not to exceed principal amount of $25 million; a not to exceed true interest cost of 5.75%; and a not to exceed underwriter's discount of 0.75%. These limits have been included in the City Resolution and Authority Resolution as "not to exceed" to create a reasonable amount of flexibility for the City and the Authority, even though the final principal amount, true interest cost and underwriter's discount are anticipated to be less.

Good Faith Estimates:

The required good faith estimates discussed below, with respect to the Bonds, are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided by Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, in consultation with the Underwriter and are based on assumptions of the estimated principal amount of the Bonds and on market interest rates prevailing at the time the estimate is prepared. The estimates reflect the combined totals for the Bonds, as follows:

Principal Amount: The Municipal Advisor informed the City that based on the City's financing plan and current market conditions, the good faith estimate of the aggregate principal amount of the Bonds to be sold (the Estimated Principal Amount) is $19,955,000.

True Interest Cost of the Bonds: The Municipal Advisor informed the City that its good faith estimate of the true interest cost of the Bonds, which is the rate necessary to discount the amounts payable on the respective principal and interest payment to the purchase price received for the Bonds, is 5.02%.

Finance Charge of the Bonds: The Municipal Advisor informed the City that its good faith estimates of the finance charge for the Bonds, which is the sum of all fees and charges paid to third parties, or costs associated with the Bonds, is $596,821. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, appraiser, escrow verification, trustee, rating agency, title insurance, municipal bond insurance, debt service reserve policy, printing and underwriting.

Detailed estimates of these fees for each party are below:

- Underwriting: $149,663 (0.75 % of par)
- Municipal Bond Insurance: $139,156
- Reserve Fund Surety: $32,783
- City Staff Time: $25,000
- City Attorney: $5,000
- Bond Counsel: $77,000
- Disclosure Counsel: $50,000
- Municipal Advisor: $38,500

- Trustee & Trustee's Counsel: $4,200
- Title Insurance: $20,130
- Rating Agency (S&P): $28,000
- Printing: $2,000
- Joint Powers Authority: $10,000
- Contingency: $15,389

These fees are all paid for with bond proceeds.

Amount of Proceeds to be Received: The Municipal Advisor informed the City that its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds less the finance charge of the Bonds, as estimated above, and any reserves funded with proceeds of the Bonds is $19,646,861.

Total Payment Amount: The Municipal Advisor informed the City that its good faith estimate of the total payment amount of all payments the City will make to pay debt service on the Bonds calculated to the final maturity of the Bonds is $39,812,853.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest costs, the finance charges, the amount of proceeds received, and the total payment amount may differ from such good faith estimates due to:

1. The actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates;
2. The actual principal amount of the Bonds sold being different from the Estimated Principal Amount;
3. The actual amortization of the Bonds being different than the 30-year amortization assumed for purposes of such estimates;
4. The actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates;
5. Other market conditions; or
6. Alterations in the City's financing plan, delays in the financing, additional legal work (including federal tax law due diligence), or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City and the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates and amortization of the Bonds will depend on market interest rates at the time of sale, with an expected amortization period of 30 years. Market interest rates are affected by economic and other factors beyond the control of the City and the Authority. If market rates change so that the transaction is no longer financially beneficial, the City and the Authority can terminate the transaction at any time before the Bonds are sold to the Underwriter.

The forms of the base legal documents to be approved by the City Council and the Kerman Public Financing Authority are:

- **Indenture of Trust –** The Indenture is a contract between the Authority and U.S. Bank National Association, acting as Trustee. The Indenture specifies the Trustee, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds.

- **Site Lease –** The Site Lease is a contract between the Authority and the City, under which the City leases the selected leased property to the Authority in exchange for a lump sum amount equal to the principal amount of the Bonds consideration of the Authority's agreement to provide financing for the Projects.
- **Lease Agreement –** The Lease Agreement is a contract between the Authority and the City, under which Authority leases back the selected leased property to the City in consideration of the payment by the City of semiannual installment payments which are sufficient to provide revenues with which to pay principal of, and interest on, the Bonds when due.
- **Bond Purchase Agreement –** The Bond Purchase Agreement is a contract between the Authority, the City and Oppenheimer & Co. Inc., as underwriter (the "Underwriter"), whereby the Authority agrees to sell the Bonds to the Underwriter and the Underwriter agrees to buy the Bonds from the Authority for resale to the public.
- **Preliminary Official Statement –** The Preliminary Official Statement is the offering statement used by the Underwriter to inform the marketplace of the terms of the Bonds and contains all relevant information for the investor to decide whether to purchase the Bonds.

Disclosure Documents: Staff and the City's financing team have prepared the Preliminary Official Statement in connection with the offering of the Bonds. The Preliminary Official Statement presents material information relating to the Bonds and the City's finances and operations and will be used in the offering of the Bonds to potential investors.

The United States Securities Exchange Commission has stated that elected officials have certain responsibilities under federal securities law. If City Council members during their review of the Preliminary Official Statements determine that it contains any material false statements or omissions of material information, they should bring this to the attention of staff.

To comply with federal securities law, the City will enter into a Continuing Disclosure Agreement in connection with the issuance of the Bonds. Under the Continuing Disclosure Agreement, the City will agree to annually provide certain financial information relating to the City and notices of certain enumerated events to the market. Such information will be provided through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

FISCAL IMPACT:

Like the outstanding 2020 Bonds, debt service payment on the Bonds is a liability of the General Fund. Debt service payments will be made over 30 years in semi-annual payments and will be due semi-annually on April 1st and October 1st of each year with the first payment due on April 1, 2026. The estimated annual debt service of the Bonds is provided below.

All financing-related costs will be paid from Bond proceeds. The estimated annual payment is $459,260 in the initial partial year (FY 2025/26). The average net annual payment is approximately $1,298,306 from FY 2026/27 through FY 2055/56.

Table on Next Page

	Bonds - Estimated Annual Payment Schedule			
Fiscal Year	Principal	Interest	Capitalized Interest	Total
2026		$531,489	$72,229	$459,260
2027	$290,000	1,015,938	139,050	1,166,888
2028	305,000	1,001,063	139,050	1,167,013
2029	325,000	985,313		1,310,313
2030	340,000	968,688		1,308,688
2031	355,000	951,313		1,306,313
2032	375,000	933,063		1,308,063
2033	395,000	913,813		1,308,813
2034	415,000	893,563		1,308,563
2035	435,000	872,313		1,307,313
2036	460,000	849,938		1,309,938
2037	485,000	826,313		1,311,313
2038	505,000	801,563		1,306,563
2039	535,000	775,563		1,310,563
2040	560,000	748,188		1,308,188
2041	585,000	719,563		1,304,563
2042	615,000	689,563		1,304,563
2043	650,000	657,938		1,307,938
2044	680,000	624,688		1,304,688
2045	715,000	589,813		1,304,813
2046	755,000	553,063		1,308,063
2047	795,000	513,319		1,308,319
2048	835,000	470,531		1,305,531
2049	885,000	425,381		1,310,381
2050	930,000	377,738		1,307,738
2051	980,000	327,600		1,307,600
2052	1,035,000	274,706		1,309,706
2053	1,085,000	219,056		1,304,056
2054	1,145,000	160,519		1,305,519
2055	1,210,000	98,700		1,308,700
2056	1,275,000	33,469		1,308,469
Total	$19,955,000	$19,803,758	$350,329	$39,408,429

ATTACHMENTS:

A. ~~City Resolution~~ revised to Authority Resolution
B. Indenture included
C. Site Lease
D. Lease Agreement
E. Assignment Agreement included
F. Bond Purchase Agreement
G. Preliminary Official Statement (including Continuing Disclosure Agreement)

Attachment 'A'

RESOLUTION NO. PFA 25-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE KERMAN PUBLIC FINANCING AUTHORITY APPROVING, AUTHORIZING AND DIRECTING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $25,000,000 TO ASSIST THE CITY OF KERMAN IN FINANCING CAPITAL IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City of Kerman (the "City") desires to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project"), to be financed through the issuance and sale by the Kerman Public Financing Authority (the "Authority") of its 2025 Lease Revenue Bonds (the "Bonds"); and

WHEREAS, to finance the Project, the City has proposed to lease certain real property to the Authority (the "Leased Property"), and to lease back the Leased Property from the Authority in consideration of semi-annual lease payments securing the repayment of the Bonds; and

WHEREAS, the City Council has duly held a public hearing regarding the issuance by the Authority of the Bonds to finance a portion of the Project in accordance with the requirements of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), the notice of which has been given in accordance with the requirements of Section 6586.5 of the Bond Law; and

WHEREAS, the information required to be obtained and disclosed by the Board related to the financing under Government Code Section 5852.1 is set forth in the staff report accompanying this resolution; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve all proceedings and documents to which the Authority is a party relating to the proposed financing.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Kerman Public Financing Authority as follows:

Section 1. Approval of Financing Plan; Authorization of Bonds. The Board hereby authorizes and approves the issuance of the Bonds under the Bond Law in the principal amount of not to exceed $25,000,000, for the purpose of providing financing for the Project. The Board hereby confirms that the meeting at which this Resolution is being adopted is a regular meeting of the Board.

Section 2. Approval of Financing Agreements. The Board hereby approves each of the following agreements required to implement the financing plan described above, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Chair, Executive Director or the Chief Financial Officer (each, an "Authorized Officer"):

- Site Lease between the City as lessor and the Authority as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of an upfront site lease payment, which will be applied by the City to finance the Project and pay costs of issuance.

- Lease Agreement between the Authority as lessor and the City as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semi-annual lease payments which are sufficient to provide for payment of principal of and interest on the Bonds when due.

- Assignment Agreement between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), whereby the Authority assigns certain of its rights under the Lease Agreement to the Trustee for the benefit of the Bond owners.

- Indenture of Trust between the Authority and the Trustee, prescribing the terms and conditions upon which the Bonds will be issued.

Each Authorized Officer is hereby separately authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed, if necessary, to attest the final form of each of the foregoing agreements, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

Section 3. Sale of Bonds. The Board hereby authorizes the negotiated sale of the Bonds to Oppenheimer & Co. Inc. as underwriter (the "Underwriter") under the Bond Purchase Contract in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by an Authorized Officer, and the execution thereof shall be conclusive evidence of the approval of any such changes or additions. The Board hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the Bonds and to execute the Bond Purchase Contract for and in the name and on behalf of the Authority; provided, the amount of Underwriter's discount shall not exceed 0.75% of the par amount of the Bonds and the true interest rate on the Bonds may not exceed 5.75%.

Section 4. Authorization to Obtain Municipal Bond Insurance and Reserve Fund Insurance. The Board hereby directs the Authorized Officers to determine whether it is feasible and in the best interests of the Authority to obtain municipal bond insurance and/or reserve fund insurance for the Bonds. If it is determined to be in the best interests of the Authority to obtain such insurance, each Authorized Officer is authorized to accept a commitment from a municipal bond insurer to issue such insurance, in the name and on behalf of the Authority.

Section 5. Official Statement. The Board hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the Secretary, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be final, as of its date, within the meaning of such Rule, (b) approve any changes in or additions to cause a Final Official Statement to be prepared, and (c) execute the Final Official Statement for and in the name and on behalf of the Authority. The Board hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement.

Section 6. Official Actions. The Chair, the Executive Director, the Chief Financial Officer, the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including executing any commitments or other documents necessary to obtain bond insurance and/or a reserve surety policy for the Bonds (as described above) and to coordinate the release or substitution of real property previously leased by the City and Authority to accomplish the purposes of the financing. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of any person serving in such role in an interim capacity or by any officer or person designated by such officer to act on his or her behalf.

Section 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

The foregoing resolution was adopted by the Board of Directors of the Kerman Public Financing Authority at a regular meeting held on the 27th day of August, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing Resolution is hereby approved.

Maria Pacheco
Chair

ATTEST:

Josie Camacho
Secretary

Attachment 'B'

INDENTURE OF TRUST

Dated as of October 1, 2025

between

KERMAN PUBLIC FINANCING AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Authorizing the Issuance of

$_____
Kerman Public Financing Authority
2025 Lease Revenue Bonds

TABLE OF CONTENTS

ARTICLE I:
DEFINITIONS; RULES OF CONSTRUCTION:
SECTION 1.01. Definitions 2
SECTION 1.02. Authorization 2
SECTION 1.03. Interpretation 2
ARTICLE II:
THE BONDS:
SECTION 2.01. Authorization of Bonds 3
SECTION 2.02. Terms of the Bonds 3
SECTION 2.03. Transfer and Exchange of Bonds 4
SECTION 2.04. Book-Entry System 5
SECTION 2.05. Registration Books 7
SECTION 2.06. Form and Execution of Bonds 7
SECTION 2.07. Bonds Mutilated, Lost, Destroyed or Stolen 7
ARTICLE III:
ISSUANCE OF BONDS; APPLICATION OF PROCEEDS:
SECTION 3.01. Issuance of the Bonds 8
SECTION 3.02. Application of Proceeds of Sale of Bonds 8
SECTION 3.03. Establishment and Application of Costs of Issuance Fund 8
SECTION 3.04. Establishment and Application of Project Fund. 9
SECTION 3.05. Validity of Bonds 9
ARTICLE IV:
REDEMPTION OF BONDS:
SECTION 4.01. Terms of Redemption 9
SECTION 4.02. Selection of Bonds for Redemption 10
SECTION 4.03. Notice of Redemption; Rescission 10
SECTION 4.04. Partial Redemption of Bonds 11
SECTION 4.05. Effect of Redemption 11
ARTICLE V:
REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF
PRINCIPAL AND INTEREST:
SECTION 5.01. Security for the Bonds; Bond Fund 11
SECTION 5.02. Allocation of Revenues 12
SECTION 5.03. Application of Interest Account 13
SECTION 5.04. Application of Principal Account 13
SECTION 5.05. Application of Redemption Fund 13
SECTION 5.06. Insurance and Condemnation Fund 13
SECTION 5.07. Investments 14
SECTION 5.08. Valuation and Disposition of Investments 15
SECTION 5.09. Reserve Fund 15
ARTICLE VI:
COVENANTS OF THE AUTHORITY
SECTION 6.01. Punctual Payment 17
SECTION 6.02. Extension of Payment of Bonds 17
SECTION 6.03. Against Encumbrances 17
SECTION 6.04. Power to Issue Bonds and Make Pledge and Assignment 17
SECTION 6.05. Accounting Records 17
SECTION 6.06. Limitation on Additional Obligations 18

SECTION 6.07. Tax Covenants....18
SECTION 6.08. Enforcement of Lease....18
SECTION 6.09. Waiver of Laws....19
SECTION 6.10. Maintenance of Existence....19
SECTION 6.11. Further Assurances....19

ARTICLE VII:
EVENTS OF DEFAULT AND REMEDIES:

SECTION 7.01. Events of Default....19
SECTION 7.02. Remedies Upon Event of Default....20
SECTION 7.03. Application of Revenues and Other Funds After Default....21
SECTION 7.04. Trustee to Represent Bond Owners....21
SECTION 7.05. Limitation on Bond Owners' Right to Sue....22
SECTION 7.06. Absolute Obligation of Board....22
SECTION 7.07. Termination of Proceedings....22
SECTION 7.08. Remedies Not Exclusive....22
SECTION 7.09. No Waiver of Default....23
SECTION 7.10. Notice to the Bond Owners of Default....23

ARTICLE VIII:
THE TRUSTEE:

SECTION 8.01. Appointment of Trustee....23
SECTION 8.02. Acceptance of Trusts; Removal and Resignation of Trustee....23
SECTION 8.03. Merger or Consolidation....25
SECTION 8.04. Liability of Trustee....25
SECTION 8.05. Right to Rely on Documents....27
SECTION 8.06. Preservation and Inspection of Documents....29
SECTION 8.07. Compensation and Indemnification....29

ARTICLE IX:
MODIFICATION OR AMENDMENT HEREOF:

SECTION 9.01. Amendments Permitted....30
SECTION 9.02. Effect of Supplemental Indenture....31
SECTION 9.03. Endorsement of Bonds; Preparation of New Bonds....31
SECTION 9.04. Amendment of Particular Bonds....32

ARTICLE X:
DEFEASANCE:

SECTION 10.01. Discharge of Indenture....32
SECTION 10.02. Discharge of Liability on Bonds....32
SECTION 10.03. Deposit of Money or Securities with Trustee....33
SECTION 10.04. Unclaimed Funds....33

ARTICLE XI:
MISCELLANEOUS:

SECTION 11.01. Liability of Authority Limited to Revenues....34
SECTION 11.02. Limitation of Rights to Parties and Bond Owners....34
SECTION 11.03. Funds and Accounts....34
SECTION 11.04. Waiver of Notice; Requirement of Mailed Notice....34
SECTION 11.05. Destruction of Bonds....34
SECTION 11.06. Severability of Invalid Provisions....35
SECTION 11.07. Notices....35
SECTION 11.08. Evidence of Rights of Bond Owners....35
SECTION 11.09. Disqualified Bonds....36
SECTION 11.10. Money Held for Particular Bonds....36
SECTION 11.11. Waiver of Personal Liability....36

SECTION 11.12. Successor Is Deemed Included in All References to Predecessor 36
SECTION 11.13. Execution in Several Counterparts 36
SECTION 11.14. Payment on Non-Business Day 37
SECTION 11.15. Governing Law 37

APPENDIX A DEFINITIONS
APPENDIX B FORM OF BOND
[APPENDIX C BOND INSURANCE PROVISIONS]
[APPENDIX D RESERVE INSURANCE PROVISIONS]

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated for convenience as of October 1, 2025, is between the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, being qualified to accept and administer the trusts hereby created (the "Trustee").

B A C K G R O U N D :

1. The City is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

2. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the Leased Property (as defined herein) to the Authority under a Site Lease dated as of October 1, 2025 (the "Site Lease"), under which the Authority agrees to make an initial rental payment (the "Site Lease Payment") which is sufficient to provide funds for such purposes.

3. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under this Indenture and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

4. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under a Lease Agreement dated as of October 1, 2025 (the "Lease"), under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

5. The lease payments made by the City under the Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee.

6. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture.

7. [Payment of principal and interest on the Bonds is insured by a Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by _____ (the "Bond Insurer"), and the Bond Insurer is issuing a Municipal Bond Debt Service Reserve

Insurance Policy (the "Reserve Insurance Policy") to be credited to the Reserve Fund which is established for the Bonds.]

8. The Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

A G R E E M E N T :

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions*. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in that Appendix when used in this Indenture.

SECTION 1.02. *Authorization*. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

SECTION 2.01. *Authorization of Bonds*. The Authority has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Authority hereby authorizes the issuance of Bonds in the aggregate principal amount of $_____ under the Bond Law for the purposes of providing funds to pay the Site Lease Payment to the City and thereby provide funds to finance the Project. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Bonds are designated as the "Kerman Public Financing Authority 2025 Lease Revenue Bonds."

SECTION 2.02. *Terms of the Bonds*.

(a) Payment Provisions. The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds shall mature on October 1 in each of the years and in the amounts, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Maturity Date (October 1)	Principal Amount	Interest Rate	Maturity Date (October 1)	Principal Amount	Interest Rate

_____
* Term Bond

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Transfer and Exchange of Bonds*.

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect from the transferee any tax or other governmental charge on the transfer of any Bonds under this Section 2.03. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount in authorized denominations. The Authority shall pay the cost of printing Bonds and any

services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect from the transferee any tax or other governmental charge on the exchange of any Bonds under this subsection (b). The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section 2.03, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 2.04. *Book-Entry System*.

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes

whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection I. If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Registration Books*. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

SECTION 2.06. *Form and Execution of Bonds*. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chair of the Authority or other Authorized Representative with authority to do so shall execute, and the Secretary of the Authority shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of such Bond any such person was not an officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually or electronically executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.07. *Bonds Mutilated, Lost, Destroyed or Stolen*. If any Bond is mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond

issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.07, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. *Issuance of the Bonds*. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser upon receipt of payment of the purchase price for the Bonds.

SECTION 3.02**.** *Application of Proceeds of Sale of Bonds.* Upon the receipt of payment for the Bonds on the Closing Date (which shall constitute the Site Lease Payment due under Section 3 of the Site Lease) in the amount of $_____ (representing the aggregate principal amount thereof ($_____), plus original issuance premium of $_____, less an Underwriter's discount of $_____), and which amount includes the $_____ good-faith deposit previously deposited by the Original Purchaser with the Trustee, the Trustee shall deposit the proceeds thereof into a temporary account, which shall be disbursed in full on the Closing Date (whereupon said temporary account shall be closed) as follows:

(a) The Trustee shall deposit the amount of $_____ into the Project Fund.

(b) The Trustee shall deposit the amount of $_____, constituting the remainder of such proceeds, in the Costs of Issuance Fund.

[In addition to the foregoing, the Trustee shall credit the Reserve Insurance Policy to the Reserve Fund in satisfaction of the Reserve Requirement upon delivery of the Bonds.]

SECTION 3.03. *Establishment and Application of Costs of Issuance Fund*. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the Bonds under Section 3.02(b). The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance upon submission of a Written Requisition of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on such Written Requisitions and shall be fully protected in relying thereon. On _____, or upon

the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Project Fund and shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. *Establishment and Application of Project Fund.* There is hereby established in trust a special fund designated the "Project Fund," which will be held by the Trustee and which will be kept separate and apart from all other funds and moneys held by the Trustee into which the Trustee shall deposit a portion of the proceeds of sale of the Bonds under Section 3.02(a). The Trustee shall disburse amounts in the Project Fund from time to time to pay the Project Costs upon submission of a Written Requisition of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on such Written Requisitions and shall be fully protected in relying thereon.

Upon the receipt of a Written Certificate of the City stating that the Project has been completed and that no further amounts are required to be disbursed from the Project Fund to pay Project Costs, the Trustee will close the Project Fund and transfer any remaining amounts to the Interest Account of the Bond Fund, to be applied as a credit towards the Lease Payments next coming due and payable.

SECTION 3.05. *Validity of Bonds*. The recital contained in the Bonds that the same are issued under the laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. *Terms of Redemption*.

(a) Optional Redemption. The Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after October 1, 20__, are subject to redemption in whole, or in part at the at the election of the Authority among maturities on such basis as shall be designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after October 1, 20__, from any available source of funds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

(b) Mandatory Sinking-Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following tables; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be

allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000 (as set forth in a schedule provided by the Authority to the Trustee).

Sinking Fund Redemption Date (October 1)	**Principal Amount To be Redeemed**

_____
* Maturity.

(c) Extraordinary Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity in whole or in part among maturities as determined by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed (plus accrued but unpaid interest to the redemption date), without premium, from Net Proceeds received under Section 5.6 of the Lease Agreement and from amounts deposited in the Insurance and Condemnation Fund pursuant to Section 5.06 hereof, and any other funds available for such purpose under this Indenture.

The Authority shall give the Trustee written notice of its intention to redeem Bonds under Section 4.01(a) or Section 4.01(c), and the manner of selecting such Bonds for redemption from among the maturities thereof, in sufficient time to enable the Trustee to give notice of such redemption in accordance with Section 4.03.

SECTION 4.02. *Selection of Bonds for Redemption*. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Bonds shall be selected for redemption on a pro-rata basis among outstanding maturities. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

SECTION 4.03. *Notice of Redemption; Rescission*. The Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed and the maturity or maturities of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority has the right to rescind any notice of the redemption of Bonds under Section 4.01(a) by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

SECTION 4.04. *Partial Redemption of Bonds*. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

SECTION 4.05. *Effect of Redemption*. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed under the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed in accordance with the retention policy of the Trustee then in effect.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. *Security for the Bonds; Bond Fund*.

(a) Pledge of Revenues and Other Amounts. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and all amounts held in any fund or account established under this Indenture (excluding amounts in the Cost of Issuance Fund and the Project Fund) are hereby pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge constitutes a lien on and security interest in the Revenues and such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the Bonds. The obligation of the City to make Lease Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

(b) Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under Sections 4.5, 5.10, 7.3 and 8.4 thereof). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

(c) Deposit of Revenues in Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Lease to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under Article X, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

SECTION 5.02. *Allocation of Revenues*. On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) Deposit to Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, including the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

SECTION 5.03. *Application of Interest Account*. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

SECTION 5.04. *Application of Principal Account*. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates, and the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

SECTION 5.05. *Application of Redemption Fund*. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under Section 4.01(a); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds. The Trustee shall be entitled to conclusively rely on any Written Request of the Authority received under this Section, and shall be fully protected in relying thereon.

SECTION 5.06. *Insurance and Condemnation Fund*.

(a) Establishment of Fund. Upon the receipt of proceeds of insurance or eminent domain with respect to the Leased Property, the Trustee shall establish and maintain an Insurance and Condemnation Fund, to be held and applied as hereinafter set forth in this Section 5.07.

(b) Deposit of Proceeds. Any Net Proceeds of insurance and eminent domain awards with respect to the Leased Property collected by the City or the Authority in accordance with Article VI of the Lease will be deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund.

(c) Application of Proceeds. Net Proceeds deposited in the Insurance and Condemnation Fund will be used, as directed by the City, either (i) to replace, repair, restore, modify or improve the Leased Property if the City determines that such is economically feasible or in the best interests of the City, or (ii) to the extent not so used, to prepay the Lease Payments on the next optional prepayment date, and thereby redeem outstanding Bonds pursuant to optional redemption.

Any proceeds of an insurance or eminent domain award deposited in the Insurance and Condemnation Fund to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City, or to replace any Leased Property taken in eminent domain proceedings, shall be applied upon receipt of a Written Request of the City which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance

and Condemnation Fund and has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Any balance of the proceeds remaining after such work has been completed as certified by the City under a Written Certificate to the Trustee shall be paid to the City. The Trustee shall be entitled to conclusively rely on any Written Request or Written Certificate received under this subsection (c) of this Section 5.06 and in each case, shall be fully protected in relying thereon.

Notwithstanding the foregoing, however, in the event of condemnation, damage or destruction of the Leased Property in full, the Net Proceeds of such insurance are required to be used by the City to redeem the Bonds in full; except that, if such proceeds and other amounts available under this Indenture are not sufficient to redeem outstanding Bonds in full, the City is required to rebuild or replace the Leased Property.

SECTION 5.07. *Investments*. All moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Authority in a Written Request of the Authority filed with the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Permitted Investments are registrable, such Permitted Investments must be registered in the name of the Trustee. The Trustee may rely conclusively upon investment direction of the Authority as to the suitability and legality of the directed investments.

All amounts in any of the funds or accounts established with the City under this Indenture shall be invested by the City solely in investments which are authorized for the investment of such funds under the applicable laws of the State of California and under the adopted investment policy of the City.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Bond Fund, *provided, however*, that earnings on the investment of the amount in the Project Fund shall be retained therein. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section 5.07.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not

receive such confirmations to the extent permitted by law. The Trustee will at no additional cost furnish the Authority a periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Authority shall retain the authority to institute, participate and join in any plan or reorganization, readjustment, merger or consolidation with respect to the issuer of any securities held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as individuals generally have and enjoy with respect to their own assets and investment, including power to vote upon any securities.

Unless the Authority notifies the Trustee otherwise in writing, the Trustee will provide the obligatory information to the registrant/issuer of any U.S. securities upon their request. Any objection will apply to all securities held in any trust account now and in the future unless the Authority notifies the Trustee in writing of such objection.

SECTION 5.08. *Valuation and Disposition of Investments*.

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at the Fair Market Value thereof as such term is defined in subsection (d) below. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Authority in any Written Request of the Authority.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at cost thereof, (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the Authority shall inform the Trustee which funds are subject to a yield restriction.

(c) Except for any funds or accounts described in subsection (b), for the purpose of determining the amount in any fund or account established hereunder, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually on or before January 1. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it is necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Permitted Investment.

(d) For purposes of this Section 5.08, the term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a

specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is any commingled investment fund in which the Authority and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Tax Code, the term "investment" will include a hedge.

(e) To the extent of any valuations made by the Trustee hereunder, the Trustee may utilize and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

SECTION 5.09. *Reserve Fund*. The Trustee shall establish a special fund designated as the "Reserve Fund" to be held by the Trustee in trust for the benefit of the Owners of the Bonds, and applied solely as provided herein. All amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) paying principal of or interest on the Bonds when due and payable, to the extent that moneys deposited in the Interest Account or the Principal Account are not sufficient for such purpose, and (ii) making the final payments of principal of and interest on the Bonds. If the amounts on deposit in the Reserve Fund are insufficient at any time to pay the full amount of principal of and interest on the Bonds then required to be paid from the Reserve Fund, the Trustee shall apply such amounts first, to the payment of interest and second, to the payment of principal, including the principal amount of any Term Bonds which are subject to mandatory sinking fund redemption under Section 4.01.

[The Reserve Fund will be initially maintained in the form of the Reserve Insurance Policy, in an amount equal to the Reserve Requirement. So long as the Reserve Fund is maintained in the form of the Reserve Insurance Policy, the Trustee shall comply with all of the terms and provisions thereof as shall be required to draw amounts thereunder for the purposes of this Section. The Authority and the Trustee agree to comply with the provisions governing the Reserve Insurance Policy set forth in Appendix D hereto.]

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01. *Punctual Payment*. The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of the Revenues, and other amounts pledged for such payment as provided in this Indenture.

SECTION 6.02. *Extension of Payment of Bonds*. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in this Section 6.02 limits the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance does not constitute an extension of maturity of the Bonds.

SECTION 6.03. *Against Encumbrances*. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

SECTION 6.04. *Power to Issue Bonds and Make Pledge and Assignment*. The Authority is duly authorized under law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other amounts purported to be pledged and assigned, respectively, under this Indenture and under the Assignment Agreement in the manner and to the extent provided in this Indenture and the Assignment Agreement. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. *Accounting Records*. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds and all funds and accounts established under this Indenture. The Trustee shall make such books of record and account available for inspection by the Authority and the City, during business hours, upon reasonable notice, and under reasonable circumstances.

SECTION 6.06. *Limitation on Additional Obligations*. The Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. Notwithstanding the foregoing, additional bonds, notes and obligations may be issued by the Authority that are secured by lease payments payable under the Lease in accordance with Section 7.5(b)(v) of the Lease.

SECTION 6.07. *Tax Covenants*.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Authority may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from amounts paid by the City for that purpose under Section 4.5(d) of the Lease. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

(f) Record Retention. Without limiting the requirements of subsection (e) above, the Authority will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the Authority will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(g) Compliance with Tax Certificate. The Authority will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

SECTION 6.08. *Enforcement of Lease*. The Trustee shall promptly collect all amounts (to the extent any such amounts are available for collection) due from the City under the Lease. Subject to the provisions of Article VIII, the Trustee shall enforce, and

take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease.

SECTION 6.09. *Waiver of laws*. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.10. *Maintenance of Existence*. The Authority shall, at all times while any of the Bonds remain Outstanding, maintain its existence as a public agency with full power and authority to carry out its obligations under this Indenture and the Bonds.

SECTION 6.11. *Further Assurances*. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

[SECTION 6.10. *Provisions Relating to Bond Insurance Policy.* So long as the Bond Insurance Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in Appendix C relating to the Bond Insurer and the Bond Insurance Policy. Such provisions are hereby incorporated into this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture, the Site Lease, the Lease or the Assignment Agreement.]

[SECTION 6.11. *Provisions Relating to Reserve Insurance Policy.* So long as the Reserve Insurance Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in Appendix D relating to the Reserve Insurance Policy. Such provisions are hereby incorporated into this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture, the Site Lease, the Lease or the Assignment Agreement.]

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. *Events of Default*. The following events constitute Events of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in the Lease.

SECTION 7.02. *Remedies Upon Event of Default*. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall declare in a written notice to the Authority that an Event of Default has occurred and shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, including but not limited to enforcement of any and all rights granted to the Authority or the Trustee under the Lease.

Any such declaration of an Event of Default is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its legal counsel, including the allocated costs of internal attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the City and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03. *Application of Revenues and Other Funds After Default*. If an Event of Default occurs and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee in the following order of priority:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel including outside counsel and the allocated costs of internal attorneys and fees and expenses of its agents and advisors) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

SECTION 7.04. *Trustee to Represent Bond Owners*. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

SECTION 7.05. *Limitation on Bond Owners' Right to Sue*. Notwithstanding any other provision hereof, no Owner of any Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Lease or any other applicable law with respect to such Bonds, unless (a) such Owner has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Lease or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06. *Absolute Obligation of Board*. Nothing herein or in the Bonds contained affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon acceleration or call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.07. *Termination of Proceedings*. In case any proceedings taken by the Trustee or by any one or more Bond Owners on account of any Event of Default have been discontinued or abandoned for any reason or have been determined adversely to the Trustee or the Bond Owners, then in every such case the Authority, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

SECTION 7.08. *Remedies Not Exclusive*. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.09. *No Waiver of Default*. No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Bond Owners.

SECTION 7.10. *Notice to the Bond Owners of Default.* Upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Bond, unless such Event of Default has been cured before the giving of such notice; *provided, however* that except in the case of an Event of Default described in Sections 7.01(a) or 7.01(b), the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. *Appointment of Trustee.* U.S. Bank Trust Company, National Association is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Article VIII so long as any Bonds are Outstanding.

SECTION 8.02. *Acceptance of Trusts; Removal and Resignation of Trustee.* The Trustee hereby accepts the express trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) The Authority may remove the Trustee upon 30 days' prior notice, unless an Event of Default has occurred and is then continuing, and shall remove the Trustee (a) if at any time requested to do so by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (b) if at

any time the Trustee ceases to be eligible in accordance with Section 8.02, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. Any such removal shall be made upon at least 30 days' prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. In the event of the removal or resignation of the Trustee under subsections (b) or (c), respectively, the Authority shall promptly appoint a successor Trustee.

If no successor Trustee has been appointed and accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, must signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to the Leased Property held by such predecessor Trustee under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall promptly mail or cause the

successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or banking association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise trust powers, shall have (or, in the case of a corporation or association that is a member of a bank holding company system, the related bank holding company has) a combined capital and surplus of at least $50,000,000, and shall be subject to supervision or examination by a federal or state agency, so long as any Bonds are Outstanding. If such corporation or association publishes a report of condition at least annually under law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection (e), the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If the Trustee at any time ceases to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

SECTION 8.03. *Merger or Consolidation*. Any bank, federal savings association, or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, federal savings association, or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, federal savings association, or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, federal savings association, or trust company shall be eligible under subsection (e) of Section 8.02 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.04. *Liability of Trustee*.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Lease (including any right to receive moneys thereunder or the value of or title to the premises upon which the Leased Property is located), nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations of Trustee herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as

depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee is not liable for any error of judgment made by a responsible officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts. Permissive rights of the Trustee shall not be construed as duties.

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture or assigned to it under the Assignment Agreement.

(d) The Trustee is not liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until it shall have actual knowledge thereof, or a corporate trust officer shall have received written notice thereof at its Office from the City, the Authority or the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements herein, under the Lease or the Bonds or of any of the documents executed in connection with the Bonds, or as to the existence of a default or an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee is not responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City or the Authority of the terms, conditions, covenants or agreements set forth in the Lease, other than the covenants of the City to make Lease Payments to the Trustee when due and to file with the Trustee when due, such reports and certifications as the City is required to file with the Trustee thereunder.

(f) No provision of this Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder.

(h) The Trustee has no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bond Owners under this Indenture, unless such Owners have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (including but not limited to fees and expenses of its

attorneys) which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of Section 8.02(a), this Section 8.04 and Section 8.05, and shall be applicable to the assignment of any rights under the Lease to the Trustee under the Assignment Agreement.

(j) The Trustee is not accountable to anyone for the subsequent use or application of any moneys which are released or withdrawn in accordance with the provisions hereof.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the Leased Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease or this Indenture for the existence, furnishing or use of the Leased Property.

(l) The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The Trustee is authorized and directed to execute the Assignment Agreement in its capacity as Trustee hereunder.

(n) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

SECTION 8.05. *Right to Rely on Documents*. The Trustee shall be protected and shall incur no liability in acting or refraining from acting in reliance upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matter referred to in any paper or document but may accept and conclusively rely upon the same as conclusive evidence of the truth and accuracy of any such statement or matter and shall be fully protected in relying thereon. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, and the Trustee shall be fully protected in relying thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 8.06. *Preservation and Inspection of Documents*. All documents received by the Trustee under the provisions of this Indenture shall be retained in its respective possession and in accordance with its retention policy then in effect and shall, upon reasonable notice to Trustee, be subject to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, during business hours and under reasonable conditions as agreed to by the Trustee.

SECTION 8.07. *Compensation and Indemnification*. The Authority shall pay to the Trustee from time to time, on demand, the compensation for all services rendered under this Indenture and also all reasonable expenses, advances (including any interest on advances), charges, legal (including outside counsel and the allocated costs of internal attorneys) and consulting fees and other disbursements, incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify the Trustee, its officers, directors, employees and agents against any cost, loss, liability or expense whatsoever (including but not limited to fees and expenses of its attorneys) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust and this Indenture, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder or under the Assignment Agreement or the Lease. As security for the performance of the obligations of the Authority under this Section 8.07 and the obligation of the Authority to make Additional Rental Payments to the Trustee, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such. The rights of the Trustee and the obligations of the Authority under this Section 8.07 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture and the Lease.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liabilities in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

ARTICLE IX

MODIFICATION OR AMENDMENT HEREOF

SECTION 9.01. *Amendments Permitted*.

(a) Amendments With Bond Owner Consent. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by Supplemental Indenture, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding are filed with the Trustee. No such modification or amendment may (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It is not necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

(b) Amendments Without Owner Consent. This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to cure any ambiguity, inconsistency or omission, or to cure or correct any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority deems necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners, in the opinion of Bond Counsel filed with the Trustee;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to

add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to facilitate the issuance of additional obligations which are payable from additional lease payments in accordance with Section 7.5(b)(v) of the Lease; or

(v) to modify, amend or supplement this Indenture in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code.

(c) Limitation. The Trustee is not obligated to enter into any Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Bond Counsel Opinion Requirement. Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture.

(e) Notice of Amendments. The Authority shall deliver or cause to be delivered a draft of any Supplemental Indenture to each rating agency which then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 9.01.

SECTION 9.02. *Effect of Supplemental Indenture*. Upon the execution of any Supplemental Indenture under this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03. *Endorsement of Bonds; Preparation of New Bonds*. Bonds delivered after the execution of any Supplemental Indenture under this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

SECTION 9.04. *Amendment of Particular Bonds*. The provisions of this Article IX do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

SECTION 10.01. *Discharge of Indenture*. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee or an escrow agent, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering all of such Bonds to the Trustee for cancellation.

If the Authority also pays or causes to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied, subject to Section 10.02. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it under this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption. The Trustee is entitled to conclusively rely on any such Written Certificate or Written Request and, in each case, is fully protected in relying thereon.

SECTION 10.02. *Discharge of Liability on Bonds*. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee, for cancellation by Trustee, any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03. *Deposit of Money or Securities with Trustee*. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established under this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) non-callable Federal Securities, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee has been made for the giving of such notice;

provided, in each case, that (i) the Trustee or escrow agent shall have been irrevocably instructed (by the terms of this Indenture or otherwise) to apply such money to the payment of such principal of and interest on such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above). The Trustee shall be entitled to conclusively rely on such Written Request or opinion and shall be fully protected, in each case, in relying thereon.

SECTION 10.04. *Unclaimed Funds*. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for 2 years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or 2 years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid (without liability for interest) to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the

repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. *Liability of Authority Limited to Revenues* . Notwithstanding anything in this Indenture or in the Bonds contained, the Authority is not required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. *Limitation of Rights to Parties and Bond Owners*. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

SECTION 11.03. *Funds and Accounts*. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations under this Indenture.

SECTION 11.04. *Waiver of Notice; Requirement of Mailed Notice*. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice is required to be given by mail, such requirement may be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

SECTION 11.05. *Destruction of Bonds*. Whenever in this Indenture provision is made for the cancellation by the Trustee, and the delivery to the Authority, of any Bonds,

the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and at the written request of the Authority the Trustee shall deliver a certificate of such destruction to the Authority.

SECTION 11.06. *Severability of Invalid Provisions*. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. *Notices*. All notices or communications to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) 48 hours after deposit in the United States mail, postage prepaid, or (b) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address to which communications are to be given hereunder.

If to the City or the Authority:	City of Kerman 850 S Madera Avenue Kerman, CA 93630 Attention: Finance Director
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street Los Angeles, CA 90071 Attention: Global Corporate Trust

SECTION 11.08. *Evidence of Rights of Bond Owners*. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 11.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.09. *Disqualified Bonds*. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, the Trustee shall be entitled to rely upon the advice of counsel in any decision by Trustee and shall be fully protected in relying thereon.

Upon request, the Authority shall specify to the Trustee those Bonds disqualified under this Section 11.09.

SECTION 11.10. *Money Held for Particular Bonds*. The money held by the Trustee for the payment of the interest, premium, if any, or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, *subject, however*, to the provisions of Section 10.04 but without any liability for interest thereon.

SECTION 11.11. *Waiver of Personal Liability*. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.12. *Successor Is Deemed Included in All References to Predecessor*. Whenever in this Indenture either the Authority, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.13. *Execution in Several Counterparts*. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as

the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.14. *Payment on Non-Business Day*. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and with the same effect as if made on such preceding non-Business Day.

SECTION 11.15. *Governing Law*. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

[*Remainder of page intentionally left blank. Signatures on next page*.]

IN WITNESS WHEREOF, the KERMAN PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

ATTEST:

By: _____
Josie Camacho
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee*

By: _____
Authorized Officer

APPENDIX A

DEFINITIONS

"Additional Rental Payments" means the amounts of additional rental which are payable by the City under Section 4.5 of the Lease or which are otherwise identified as Additional Rental Payments under the Lease.

"Assignment Agreement" means the Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee, as originally executed or as thereafter amended.

"Authority" means the Kerman Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated as of August 15, 2007, by and between the City and the Kerman Redevelopment Agency (now succeeded by the Successor Agency to the Kerman Redevelopment Agency), together with any amendments thereof and supplements thereto, and under the laws of the State of California.

"Authorized Representative" (a) with respect to the Authority, the Chair, Executive Director, Chief Financial Officer or any other person designated as an Authorized Official of the Authority by a Written Certificate of the Authority signed by the Executive Director and filed with the City and the Trustee; and (b) with respect to the City, the Mayor, City Manager, Finance Director, or any other person designated as an Authorized Official of the City by a Written Certificate of the City signed by the Mayor, City Manager or Finance Director and filed with the Authority and the Trustee.

"Bond Counsel" means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under Section 5.01.

["Bond Insurer" means _____.]

["Bond Insurance Policy" means the Municipal Bond Insurance Policy No. _____ issued by the Bond Insurer.]

"Bond Law" means the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Bond Year" means each twelve-month period extending from October 2 in one calendar year to October 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including October 1, 2026.

"Bonds" means the $_____ aggregate principal amount of Kerman Public Financing Authority 2025 Lease Revenue Bonds authorized by and at any time Outstanding under the Bond Law and this Indenture.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the City in which the Office of the Trustee is located.

"City" means the City of Kerman, a general law city and municipal corporation organized and existing under the laws of the State of California.

"Closing Date" means October ___, 2025, being the date of delivery of the Bonds to the Original Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and their respective counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; bond insurance and reserve fund insurance premiums; title insurance and other title costs; and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Depository" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository under Section 2.04.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, and its successors and assigns.

"Event of Default" means any of the events specified in Section 7.01.

"Excess Investment Earnings" means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Bonds at a yield in excess of the yield on the Bonds.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions hereof.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org), or such service or services as the Authority may designate in a certificate delivered to the Trustee.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee under Section 5.06.

"Interest Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Interest Payment Date" means each April 1 and October 1, commencing April 1, 2026, so long as any Bonds remain unpaid.

"Lease" means the Lease Agreement dated as of October 1, 2025, between the Authority as lessor and the City as lessee of the Leased Property, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"Lease Payment Date" means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

"Lease Payments" means the amounts payable by the City under Section 4.3(a) of the Lease, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof.

"Leased Property" means the real property described in Appendix A to the Lease, together with all improvements and facilities at any time situated thereon.

"Net Proceeds" means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale

under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

"Office" means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency and operations business is conducted initially in San Francisco, California.

"Original Purchaser" means Oppenheimer & Co. Inc., as original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding", when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture.

"Owner", whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Company; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Permitted Investments" means any of the following:

(a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.

(b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on

which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

(c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P at the time of purchase.

(d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P at the time of purchase; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.

(e) Commercial paper rated "A-1+" or better by S&P at the time of purchase.

(f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P at the time of purchase.

(g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or Aam at the time of purchase, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries receives and retains a fee for services provided to the fund, whether as custodian, transfer agent, investment advisor or otherwise. Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers acceptances of depository institutions, including the Trustee or any of its affiliate.

(h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (i) rated A or better by S&P at the time of purchase, or (ii) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (i) or (ii).

(i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P at the time of purchase.

(j) Bonds or notes issued by any state or municipality which are rated A or better by S&P at the time of purchase.

(k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.

(l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

Ratings of Permitted Investments referred to herein shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

"Principal Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Project" means (a) development of a new multi-generational community resiliency center and improvements to the City's police station and (b) incidental expenses related to the foregoing, as such project may be modified by the City Council from time-to-time.

"Project Costs" means, with respect to the Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for the purchase of the Project or otherwise relating to the acquisition, construction and installation of the Project;

(b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Project;

(d) preliminary costs of the Project, including but not limited to design, environmental, engineering and architectural services, costs for testing, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and costs for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project;

(e) costs of equipping and furnishing the Project, and costs of taking occupancy of the Project including costs incurred in connection with the relocation of City functions and personnel into the Project;

(f) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Project;

(g) all financing costs incurred in connection with the acquisition, construction and installation of the Project; and

(h) the Lease Payments coming due during the period of construction of the Project.

"Project Fund" means the fund by that name established and held by the Trustee under Section 3.04.

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee under Section 5.05.

"Registration Books" means the records maintained by the Trustee under Section 2.05 for the registration and transfer of ownership of the Bonds.

"Reserve Fund" means the fund by that name established and held by the Trustee under Section 5.09.

["Reserve Insurance Policy" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer on the Closing Date for the credit of the Reserve Fund in the amount of the Reserve Requirement.]

"Reserve Requirement" means $_____, and shall not be subject to increase or decrease following issuance of the Bonds.

"Revenues" means:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in Section 7.5(b)(v) of the Lease, and (ii) any Additional Rental Payments; and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under this Indenture.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority designates in written notice filed with the Trustee.

"Site Lease" means the Site Lease dated as of October 1, 2025, between the City as lessor and the Authority as lessee, as amended from time to time in accordance with its terms.

"Site Lease Payment" means the amount payable by the Authority to the City on the Closing Date under Section 3 of the Site Lease.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Term" means, with reference to the Lease, the time during which the Lease is in effect, as provided in Section 4.2 thereof.

"Term Bonds" means the Bonds maturing on October 1, 20__.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of United States of America, or its successor or successors, as Trustee hereunder as provided in Article VIII.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

APPENDIX B

BOND FORM

No. R-____ ***$_____***

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BOND

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	October 1, ____	October __, 2025	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***_____ DOLLARS***

The KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the 15th day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before March 15, 2026, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on October 1 and April 1 in each year, commencing April 1, 2026 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association, in Los Angeles, California (the "Trust Office"), as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it

appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee as of such Record Date by a registered owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such registered owner in such written request.

This Bond is not a debt of the City of Kerman (the "City"), the County of Fresno, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Kerman Public Financing Authority 2025 Lease Revenue Bonds (the "Bonds"), in an aggregate principal amount of $_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), and under an Indenture of Trust dated as of October 1, 2025, between the Authority and the Trustee (the "Indenture") and a resolution of the Authority adopted on August 27, 2025, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Authority to finance the acquisition and construction of capital improvements of the City. This Bond and the interest and premium, if any, hereon are special obligations of the Authority, payable from the Revenues, and secured by a charge and lien on the Revenues as defined in the Indenture, consisting principally of lease payments made by the City under a Lease Agreement dated as of October 1, 2025, between the Authority as lessor and the City as lessee (the "Lease"). As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the Bonds. The obligation of the City to make Lease Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided

in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after October 1, 20__ are subject to redemption in whole, or in part at the at the election of the Authority among maturities on such basis as shall be designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after October 1, 20__ from any available source of funds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Bonds maturing on October 1, 20__ are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following tables; provided, however, that if some but not all of such Bonds have been redeemed pursuant to an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000 (as set forth in a schedule provided by the Authority to the Trustee).

Sinking Fund Redemption Date (October 1)	**Principal Amount To be Redeemed**

_____

* Maturity.

The Bonds are subject to mandatory redemption prior to maturity in whole or in part among maturities as determined by the Authority on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed (plus accrued but unpaid interest to the redemption date), without premium, from Net Proceeds of title insurance received under the Lease and from Net Proceeds of certain damage and condemnation awards deposited in the Insurance and Condemnation Fund, and any other funds available for such purpose under this Indenture.

As provided in the Indenture, notice of redemption will be mailed by the Trustee by first class mail not less than 20 or more than 60 days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. Notice of any optional redemption of the Bonds may be rescinded under the circumstances set forth in the Indenture, upon notice to the owners of such Bonds.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Authority or the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified by the Authority that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Bond Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Bond Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Kerman Public Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its

Executive Director and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

Attest:

_____
Josie Camacho
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee*

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

APPENDIX C

BOND INSURANCE PROVISIONS

So long as the Bond Insurance Policy remains in force and effect, the following provisions of this Appendix C shall govern, notwithstanding anything to the contrary contained in this indenture. Capitalized terms used in this Appendix C and not otherwise defined shall have the respective meanings given such terms in this indenture or the Bond Insurance Policy:

[To come, if applicable]

APPENDIX D

RESERVE INSURANCE PROVISIONS

So long as the Reserve Insurance Policy remains in force and effect, the following provisions of this Appendix D shall govern, notwithstanding anything to the contrary contained in this Indenture:

[To come, if applicable]

Attachment 'C'

RECORDING REQUESTED BY:
City of Kerman

AND WHEN RECORDED RETURN TO:
Jones Hall LLP
Attn: James A. Wawrzyniak, Jr.
4 West 4th Avenue, Suite 406
San Mateo, California 94402

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE LEASE

This SITE LEASE (this "Site Lease"), dated for convenience as of October 1, 2025, is between the CITY OF KERMAN, a general law city and municipal corporation duly organized and existing under the laws of the State of California, as lessor which acquired title to a portion of the Leased Property (the "City"), and the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California, as lessee (the "Authority").

B A C K G R O U N D :

1. The City is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

2. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the real property and facilities more particularly described in Appendix A attached hereto and by this reference incorporated herein, consisting of [(i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Teen Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] (collectively, the "Leased Property") to the Authority under this Site Lease, pursuant to which the Authority agrees to make an initial rental payment (as described herein, the "Site Lease Payment") which is sufficient to provide funds for such purpose.

3. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under an Indenture of Trust dated as of October 1, 2025 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee

(the "Trustee"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with this Site Lease.

4. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under a Lease Agreement dated as of October 1, 2025 (the "Lease"), which has been recorded concurrently herewith, under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

5. The lease payments made by the City under the Lease have been assigned by the Authority to Trustee for the security of the Bonds under an Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

A G R E E M E N T :

In consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

SECTION 1. *Lease of Property to Authority.* The City hereby leases the Leased Property to the Authority and the Authority hereby leases the Leased Property from the City, on the terms and conditions hereinafter set forth.

SECTION 2. *Term; Possession*. The term of this Site Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 13.01 thereof, but under any circumstances not later than October 1, 20__. The provisions of this Section 2 are subject in all respects to any other provisions of this Site Lease relating to the termination hereof.

SECTION 3. *Rental*. The Authority shall pay to the City as and for rental of the Leased Property hereunder, the sum of $_____ (the "Site Lease Payment"). The Site Lease Payment is due and payable upon the issuance of the Bonds and the execution and delivery hereof, and will be paid from the proceeds of the Bonds. The Authority and the City hereby find and determine that the total amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Leased Property which is conveyed hereunder by the City to the Authority. No other amount of rental is due and payable by the Authority for the use and occupancy of the Leased Property under this Site Lease.

SECTION 4. *Leaseback to City*. The Authority shall lease the Leased Property back to the City under the Lease. In no event shall this effectuate a merger of the Site Lease and the Lease.

SECTION 5. *Assignments and Subleases*. Unless the City is in default under the Lease, the Authority may not assign its rights under this Site Lease or sublet all or any portion of the Leased Property, except as provided in the Assignment Agreement and in the Lease, without the prior written consent of the City.

SECTION 6. *Addition, Substitution or Release of Property*. The description of the Leased Property which is leased under the Lease shall conform at all times to the description of the Leased Property which is leased hereunder. Accordingly, if the City exercises its option (a) to substitute property as part of the Leased Property under Section 3.3 of the Lease, (b) to release property from the Lease under Section 3.4 of the Lease, and/or (c) to add to the Leased Property under Section 7.5(b) of the Lease, an amendment shall be made to this Site Lease making a conforming change to the Leased Property hereunder.

SECTION 7. *Right of Entry*. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. *Termination*. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the Leased Property was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Property shall remain thereon and title thereto shall vest thereupon in the City for no additional consideration.

SECTION 9. *Default*. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and no such remedy may include termination hereof; *provided, however*, that so long as the Lease remains in effect, the Lease Payments payable by the City under the Lease shall continue to be paid to the Trustee.

SECTION 10. *Quiet Enjoyment*. The Authority at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Property, subject to the provisions of the Lease and subject only to Permitted Encumbrances (as that term is defined in the Lease).

SECTION 11. *Waiver of Personal Liability*. All liabilities under this Site Lease on the part of the Authority are solely corporate liabilities of the Authority as a public entity, and the City hereby releases each and every member and officer of the Authority of and from any personal or individual liability under this Site Lease. No member or officer of the Authority or its governing board shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Authority hereunder.

SECTION 12. *Taxes*. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and any improvements thereon.

SECTION 13. *Eminent Domain*. If the whole or any part of the Leased Property or any improvements thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then

unpaid Lease Payments payable under the Lease and the balance of the award, if any, shall be paid to the City.

SECTION 14. *Partial Invalidity*. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. *Notices*. Any notice, request, complaint, demand or other communication under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below. Notice shall be effective either (a) 48 hours after deposit in the United States mail, postage prepaid, or (b) in the case of personal delivery to any person, upon actual receipt. The City, the Authority and the Trustee may, by written notice to the other parties, from time to time modify the address to which communications are to be given hereunder.

If to the Authority or the City: City of Kerman
850 S Madera Avenue
Kerman, CA 93630
Attention: Finance Director

If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street
Los Angeles, CA 90071
Attention: Global Corporate Trust

SECTION 16. *Amendment of this Site Lease*. The Authority and the City may at any time amend or modify any of the provisions of this Site Lease, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to make cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds;

(ii) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(iii) to conform to any amendment of the Indenture which is made thereto in accordance with Section 9.01 of the Indenture; or

(iv) for the purpose of effectuating any addition, substitution or release of property under Section 6.

SECTION 17. *Governing Law*. This Site Lease shall be construed in accordance with and governed by the laws of the State of California.

SECTION 18. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary under this Site Lease with all rights of a third party beneficiary.

SECTION 19. *Binding Effect*. This Site Lease inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 20. *Section Headings*. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 21. *Execution in Counterparts*. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

SECTION 22. *Defined Terms*. All capitalized terms used herein and not otherwise defined have the respective meanings given those terms in the Indenture.

[Remainder of page intentionally left blank. Signatures on next page.]

IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

CITY OF KERMAN

By: _____
John Jansons
City Manager

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Kerman, County of Fresno, State of California, which is more particularly described as follows:

Attachment 'D'

RECORDING REQUESTED BY:
City of Kerman

AND WHEN RECORDED RETURN TO:
Jones Hall LLP
Attn: James A. Wawrzyniak, Jr.
4 West 4th Avenue
Suite 406
San Mateo, California 94402

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

Dated as of October 1, 2025

between the

KERMAN PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF KERMAN,
as lessee

Relating to

$_____
Kerman Public Financing Authority
2025 Lease Revenue Bonds

TABLE OF CONTENTS

ARTICLE I:
DEFINITIONS; RULES OF INTERPRETATION:

SECTION 1.1. Definitions 2
SECTION 1.2. Interpretation 2

ARTICLE II:
COVENANTS, REPRESENTATIONS AND WARRANTIES:

SECTION 2.1. Covenants, Representations and Warranties of the City 3
SECTION 2.2. Covenants, Representations and Warranties of the Board 4

ARTICLE III:
DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. Deposit of Moneys 5
SECTION 3.2. Acquisition and Construction of Project 5
SECTION 3.3. Substitution of Leased Property 6
SECTION 3.4. Release of Leased Property 6

ARTICLE IV:
LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS:

SECTION 4.1. Lease of Leased Property 7
SECTION 4.2. Term 7
SECTION 4.3. Lease Payments 7
SECTION 4.4. Source of Payments; Covenant to Budget and Appropriate 8
SECTION 4.5. Additional Rental Payments 9
SECTION 4.6. Quiet Enjoyment 9
SECTION 4.7. Title 9

ARTICLE V:
MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS:

SECTION 5.1. Maintenance, Utilities, Taxes and Assessments 10
SECTION 5.2. Modification of Leased Property 10
SECTION 5.3. Liability and Property Damage Insurance 11
SECTION 5.4. Casualty Insurance 11
SECTION 5.5. Rental Interruption Insurance 11
SECTION 5.6. Recordation Hereof; Title Insurance 12
SECTION 5.7. Insurance Net Proceeds; Form of Policies 12
SECTION 5.8. Installation of City's Personal Property 12
SECTION 5.9. Liens 12
SECTION 5.10. Advances 13

ARTICLE VI:
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS:

SECTION 6.1. Application of Net Proceeds 13
SECTION 6.2. Termination or Abatement Due to Eminent Domain 13
SECTION 6.3. Abatement Due to Damage or Destruction 13

ARTICLE VII:
OTHER COVENANTS OF THE CITY:

SECTION 7.1. Disclaimer of Warranties 14
SECTION 7.2. Access to the Leased Property 14

SECTION 7.3. Release and Indemnification Covenants 14
SECTION 7.4. Assignment and Subleasing by the City 15
SECTION 7.5. Amendment Hereof 15
SECTION 7.6. Tax Covenants 16
SECTION 7.7. Continuing Disclosure 17

ARTICLE VIII:
EVENTS OF DEFAULT AND REMEDIES:

SECTION 8.1. Events of Default Defined 17
SECTION 8.2. Remedies on Default 18
SECTION 8.3. No Remedy Exclusive 19
SECTION 8.4. Agreement to Pay Attorneys' Fees and Expenses 20
SECTION 8.5. No Additional Waiver Implied by One Waiver 20
SECTION 8.6. Application of Proceeds 20
SECTION 8.7. Trustee and Bond Owners to Exercise Rights 20

ARTICLE IX:
PREPAYMENT OF LEASE PAYMENTS:

SECTION 9.1. Security Deposit 20
SECTION 9.2. Prepayment 21
SECTION 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain 21
SECTION 9.4. Credit for Amounts on Deposit 21

ARTICLE X:
MISCELLANEOUS:

SECTION 10.1. Notices 21
SECTION 10.2. Binding Effect 22
SECTION 10.3. Severability 22
SECTION 10.4. Net-net-net Lease 22
SECTION 10.5. Third Party Beneficiary 22
SECTION 10.6. Further Assurances and Corrective Instruments 22
SECTION 10.7. Execution in Counterparts. 22
SECTION 10.8. Applicable Law 22
SECTION 10.9. Board and City Representatives 22
SECTION 10.10. Captions 22

APPENDIX A DESCRIPTION OF THE LEASED PROPERTY
APPENDIX B SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated for convenience as of October 1, 2025, is between the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF KERMAN, a general law city and municipal corporation duly organized and existing under the laws of the State of California, as lessee (the "City").

B A C K G R O U N D :

1. The City is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

1. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the real property and facilities more particularly described in Appendix A attached hereto and by this reference incorporated herein, consisting of (i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Teen Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] (the "Leased Property") to the Authority under a Site Lease dated as of October 1, 2025 which has been recorded concurrently herewith (the "Site Lease"), under which the Authority agrees to make an initial rental payment (the "Site Lease Payment") which is sufficient to provide funds for such purposes.

2. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under an Indenture of Trust dated as of October 1, 2025 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

3. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under this Lease, under which the City agrees to pay semiannual Lease Payments as the rental for the Leased Property hereunder.

4. The lease payments made by the City under this Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement dated as of October 1, 2025, between the Authority as assignor and the Trustee as assignee, which has been recorded concurrently herewith.

5. The City and the Authority have found and determined that all acts and proceedings required by law necessary to make this Lease, when executed by the City and the Authority, the valid, binding and legal obligations of the City and the Authority, and to constitute this Lease a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Lease have been in all respects duly authorized.

A G R E E M E N T :

In consideration of the material covenants contained in this Lease, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease have the respective meanings given them in the Indenture.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular includes the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the City.* The City makes the following covenants, representations and warranties to the Authority and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The City is a general law city and municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into the Site Lease and this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of the Site Lease and this Lease.

(b) Due Execution. The representatives of the City executing the Site Lease and this Lease have been fully authorized to execute the same under a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. The Site Lease and this Lease have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of the Site Lease and this Lease, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease and this Lease, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental

authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease and this Lease, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial conditions, assets, properties or operations of the City.

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority makes the following covenants, representations and warranties to the City and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California; has power to enter into this Lease, the Site Lease, the Assignment Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease, the Site Lease, the Assignment Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Assignment Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Assignment Agreement and the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would

materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. *Deposit of Moneys.* On the Closing Date, the Authority will cause the proceeds of sale of the Bonds to be deposited with the Trustee. The Trustee shall deposit those proceeds in accordance with Section 3.01 of the Indenture.

SECTION 3.2. *Acquisition and Construction of Project.* As provided in Section 3.02 of the Indenture, the proceeds of the sale of the Bonds will be applied to pay the Site Lease Payment to the City in accordance with Section 3 of the Site Lease. Amounts deposited into the Project Fund, which is established under the Indenture, shall be disbursed for the purpose of paying Project Costs. Upon the completion of the Project, the City shall file a Written Certificate of the City with the Trustee, which Written Certificate shall identify the amount (if any) to be retained in the Project Fund to pay remaining Project Costs.

SECTION 3.3. *Substitution of Leased Property.* The City may at any time and from time to time, substitute other real property (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of this Lease, the Site Lease and the Assignment Agreement, which adds the legal description of the Substitute Property to Appendix A and deletes therefrom the legal description of the Former Property.

(c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the then-aggregate principal amount of Lease Payments then due hereunder.

(d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City, constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be important to the proper, efficient and economic operation of the City.

(e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein.

(f) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such substitution is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, (ii) the estimated fair rental value of the Leased Property following such substitution is at least equal to the remaining Lease Payments due hereunder, and (iii) the useful life of the Substitute Property at least extends to the stated termination date of this Lease.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease and the Assignment Agreement.

SECTION 3.4. *Release of Leased Property.* The City has the option at any time and from time to time to release any portion of the Leased Property from this Lease (the

"Released Property") provided that the City has satisfied all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of this Lease, the Site Lease and the Assignment Agreement, which removes the Released Property therefrom.

(c) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such release is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, and (ii) the estimated fair rental value of the Leased Property following such release is at least equal to the remaining Lease Payments due hereunder.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

ARTICLE IV

LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property.* The Authority hereby leases the Leased Property to the City and the City hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease.

SECTION 4.2. *Term*. The Term of this Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 10.01 thereof, but under any circumstances not later than October 1, 20___. The provisions of this Section are subject to the provisions of Section 6.2 relating to abatement and the taking in eminent domain of the Leased Property in whole or in part.

SECTION 4.3. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in Appendix B attached to this Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Appendix B, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in Appendix B. Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article

IX, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

(b) Effect of Prepayment. If the City prepays all Lease Payments in full under Section 9.2, the City's obligations under this Section will thereupon cease and terminate. If the City prepays the Lease Payments in part but not in whole under Section 9.2, the principal components of the remaining Lease Payments will be reduced in integral multiples of $5,000 among Lease Payment Dates on a basis which corresponds to the principal maturities of the Bonds which are redeemed thereby; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under Section 4.01 of the Indenture.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

(d) Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(e) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, under the Assignment Agreement, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees to pay to the Trustee at its Office, all payments payable by the City under this Section and all amounts payable by the City under Article IX.

SECTION 4.4. *Source of Payments; Covenant to Budget and Appropriate.* The Lease Payments are payable from any source of available funds of the City, subject to the provisions of Section 6.3. The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of this Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance

of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease.

SECTION 4.5. *Additional Rental Payments*. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority hereunder:

(a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;

(b) All reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease or the Indenture;

(d) Amounts coming due and payable as Excess Investment Earnings in accordance with Section 7.6(e); and

(e) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of this Lease.

SECTION 4.6. *Quiet Enjoyment.* Throughout the Term of this Lease, the Authority shall provide the City with quiet use and enjoyment of the Leased Property and the City will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.7. *Title.* Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Leased Property transfers to and vests in the City. The Authority shall take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The City may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority notifies the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 5.2. *Modification of Leased Property.* The City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this Section; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property,

and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

SECTION 5.3. *Liability and Property Damage Insurance.* The City shall maintain or cause to be maintained throughout the Term of this Lease, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

SECTION 5.4. *Casualty Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the then-outstanding Lease Payments. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; *provided* that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Fresno County Recorder's Office, and (b) obtain a CLTA title insurance policy insuring the City's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under Section 9.4.

SECTION 5.7. *Insurance Net Proceeds; Form of Policies.* Each policy of insurance maintained under Sections 5.4, 5.5 and 5.6 must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required hereunder are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any insurance maintained under Section 5.3 is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

SECTION 5.8. *Installation of City's Personal Property.* The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee has any interest, and may be modified or removed by the City at any time, provided that the City must repair all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, so long as no such lien or security interest attaches to any part of the Leased Property.

SECTION 5.9. *Liens.* The City may not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Trustee do not materially and adversely affect the leasehold estate of the City in the Leased Property hereunder. If any such mortgage, pledge, lien, charge, encumbrance or claim does materially and adversely

affect the leasehold estate of the City in the Leased Property hereunder, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible; provided that the City is not required to do so prior to the time when such mortgage, pledge, lien, charge, encumbrance or claim actually causes such material adverse effect. The City will reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.10. *Advances.* If the City fails to perform any of its obligations under this Article V, the Authority may, but is not required to, take such action as it deems necessary to cure such failure, including the advancement of money, and the City shall repay all such advances as Additional Rental Payments hereunder, with interest at the rate set forth in Section 4.3(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in Section 5.07 of the Indenture.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.*

(a) If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease thereupon ceases as of the day possession is taken.

(b) If less than all of the Leased Property is taken permanently and the remainder is useable for the City's purposes, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(i) this Lease continues in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary, and

(ii) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the

City, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction.

ARTICLE VII

OTHER COVENANTS OF THE CITY

SECTION 7.1. *Disclaimer of Warranties.* THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. The Authority has no liability for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the City.

SECTION 7.2. *Access to the Leased Property.* The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The City further agrees that the Authority, any Board Representative and the Authority's successors or assigns may have such rights of access to the Leased Property or any component thereof as reasonably necessary to cause the proper maintenance of the Leased Property if the City fails to perform its obligations hereunder; *provided, however,* that neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The City agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assigns, against all claims, losses and damages, including legal fees and expenses, arising out of any of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the City,

(b) any breach or default on the part of the City in the performance of any of its obligations under this Lease,

(c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property,

(d) any intentional misconduct or negligence of any sublessee of the City with respect to the Leased Property,

(e) the acquisition, construction, improvement and equipping of the Leased Property, or the authorization of payment of the costs thereof, or

(f) the acceptance and performance of the duties of the Trustee under the Indenture and under this Lease.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns.

The indemnification hereunder shall survive removal or resignation of the Trustee, termination of this Lease or discharge of the Bonds.

SECTION 7.4. *Assignment and Subleasing by the City.* This Lease may not be assigned by the City, other than to an entity which succeeds to the interests of the City as a municipal corporation. The City may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the City to make Lease Payments hereunder must remain obligations of the City.

(b) The City must, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease.

(c) No such sublease by the City may cause the Leased Property to be used for a purpose which is not authorized under the provisions of the laws of the State of California.

(d) The City must furnish to the Authority and the Trustee a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become included in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

SECTION 7.5. *Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Lease, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Lease in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of property under Sections 3.3 or 3.4, or an addition to the Leased Property under this Section 7.5(b);

(v) to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional rent payments are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, and (B) the City has filed with the Trustee a written certificate stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate then-outstanding principal amount of the Bonds and all such other bonds, notes or other obligations;

(vi) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

No such modification or amendment may extend or have the effect of extending any Lease Payment Date or reducing any Lease Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 7.6. *Tax Covenants*.

(a) Private Business Use Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The City may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or

had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The City shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The City shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the City from any source of legally available funds of the City, and shall constitute Additional Rental Payments hereunder.

The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the City of any of the requirements under this subsection (e).

SECTION 7.7. *Continuing Disclosure*. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Lease, failure of the City to comply with such Continuing Disclosure Certificate will not constitute an Event of Default, although any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandate or specific performance by court order.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitute an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to

the City by the Authority or the Trustee. If in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30 day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such 30 day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease. Notwithstanding anything herein or in the Indenture to the contrary, neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; except that no termination of this Lease may be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 8.3.

(a) Enforcement of Payments Without Termination. If the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place the Leased Property in storage or other suitable place in the County of Fresno for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of the Leased Property by the Authority or its duly

authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Leased Property upon demand of the Authority for the purpose of enabling the Leased Property to be re-let under this paragraph, and the City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Authority terminates this Lease at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Rental Payments. Any surplus received by the Authority from such re-leasing shall be deposited in the Bond Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as

may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it is not necessary to give any notice, other than as expressly required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If the Authority or the City defaults under any of the provisions of this Lease and the nondefaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If the Authority or the City breaches any agreement in this Lease and thereafter the other party waives the breach, such waiver is limited to the particular Breach so waived and does not operate to waive any other breach hereunder.

SECTION 8.6. *Application of Proceeds.* All net proceeds received from the re-lease of the Leased Property under this Article VIII, and all other amounts derived by the Authority or the Trustee as a result of the occurrence of an Event of Default, must be paid to and applied by the Trustee in accordance with Section 7.03 of the Indenture.

SECTION 8.7. *Trustee and Bond Owners to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Assignment Agreement for the benefit of the Bond Owners, to which assignment the City hereby consents. The Trustee and the Bond Owners shall exercise such rights and remedies in accordance with the Indenture.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

(a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.3(a), as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.2, (i) the Term of this Lease will continue, (ii) all obligations of the City under this Lease, and all security provided by this Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (iii) under Section 4.7, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Prepayment.* The City has the option to prepay the principal components of the Lease Payments in as described under Section 4.01(a) of the Indenture. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Bonds under Section 4.01(a) of the Indenture. The City shall give written notice to the Authority and the Trustee of its intention to prepay the Lease Payments under this Section at least 45 days prior to the prepayment date, or such shorter period of time as may be acceptable to the Trustee in its sole discretion, such notice being solely for the convenience of the Trustee. Additionally, this Lease is subject to extraordinary mandatory prepayment as described under Section 4.01(c) of the Indenture.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City* shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under Article VI hereof and Section 5.07 of the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations under this Section and applied to the corresponding redemption of Bonds under Section 4.01 of the Indenture on the next available redemption date.

SECTION 9.4. *Credit for Amounts on Deposit.* If the principal components of the Lease Payments are prepaid in full under this Article IX, such that the Indenture is discharged by its terms as a result of such prepayment, at the written election of the City filed with the Trustee any or all amounts then on deposit in the Bond Fund (and the accounts therein) will be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (b) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address to which communications are to be given hereunder.

If to the Authority or the City:	City of Kerman 850 S Madera Avenue Kerman, CA 93630 Attention: Finance Director
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street Los Angeles, CA 90071 Attention: Global Corporate Trust

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and binds the Authority, the City and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

SECTION 10.6. *Further Assurances and Corrective Instruments.* The Authority and the City shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

SECTION 10.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.9. *Board and City Representatives.* Whenever under the provisions of this Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority and for the City by an Authorized Representative thereof, and any party hereto may conclusively rely upon any such approval or request.

SECTION 10.10. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

[*Remainder of page intentionally left blank. Signatures on next page.*]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

CITY OF KERMAN

By: _____
John Jansons
City Manager

APPENDIX A
DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Kerman, County of Fresno, State of California, which is more particularly described as follows:

APPENDIX B
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	Principal Component	Interest Component	Aggregate Lease Payment
Total			

* Lease Payment Dates are the 5th Business Day immediately preceding each date listed in the schedule.

'Attachment E'

RECORDING REQUESTED BY:
City of Kerman

AND WHEN RECORDED RETURN TO:
Jones Hall LLP
Attn: James A. Wawrzyniak, Jr.
4 West 4th Avenue, Suite 406
San Mateo, California 94402

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this "Agreement"), dated for convenience as of October 1, 2025, is between the KERMAN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

B A C K G R O U N D :

1. The City of Kerman (the "City") is proceeding to finance public capital improvements, anticipated to consist of a new multi-generational community resiliency center and improvements to the City's new police station (collectively, the "Project").

2. In order to provide financing for a portion of the costs of the Project, the City has agreed to lease the real property and facilities more particularly described in Appendix A attached hereto and by this reference incorporated herein, consisting of (i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Teen Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] (the "Leased Property") to the Authority under a Site Lease dated as of October 1, 2025 which has been recorded concurrently herewith (the "Site Lease"), under which the Authority agrees to make an initial rental payment (the "Site Lease Payment") which is sufficient to provide funds for such purposes.

3. The Authority has authorized the issuance of its Kerman Public Financing Authority 2025 Lease Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds") under an Indenture of Trust dated as of October 1, 2025 (the "Indenture"), between the Authority and the Trustee, and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

4. In order to provide revenues which are sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease the Leased Property back to the City under the Lease Agreement dated as of October 1, 2025 (the "Lease Agreement"), which has been recorded concurrently herewith (the "**Lease**"), under which the City agrees to pay semiannual Lease Payments as the rental for the Leased Property thereunder.

5. The Authority has requested the Trustee to enter into this Agreement for the purpose of assigning certain of its rights under the Lease to the Trustee for the benefit of the Bond owners.

A G R E E M E N T :

In consideration of the material covenants contained in this Agreement, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Defined Terms*. All capitalized terms not otherwise defined herein have the respective meanings given those terms in the Indenture.

SECTION 2. *Assignment*. The Authority hereby assigns to the Trustee, for the benefit of the Owners of all Bonds which are issued and Outstanding under the Indenture, all of the Authority's rights under the Lease (excepting only the Authority's rights under Sections 4.5, 5.10, 7.3 and 8.4 of the Lease), including but not limited to:

(a) the right to receive and collect all of the Lease Payments from the City under the Lease,

(b) the right to receive and collect any proceeds of any insurance maintained thereunder with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property, and

(c) the right to exercise such rights and remedies conferred on the Authority under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any amounts required to be deposited in the Insurance and Condemnation Fund established under Section 5.07 of the Indenture, or (ii) otherwise to protect the interests of the Bond Owners in the event of a default by the City under the Lease.

The Trustee shall administer all of the rights assigned to it by the Authority under this Agreement in accordance with the provisions of the Indenture, for the benefit of the Owners of Bonds. The assignment made under this Section 2 is absolute and irrevocable, and without recourse to the Authority.

SECTION 3. *Acceptance*. The Trustee hereby accepts the assignments made herein for the purpose of securing the payments due under the Lease and Indenture to, and the rights under the Lease and Indenture of, the Owners of the Bonds, all subject to the provisions of the Indenture. The recitals contained herein are those of the Authority and not of the Trustee, and the Trustee assumes no responsibility for the correctness thereof.

SECTION 4. *Conditions.* This Agreement confers no rights and imposes no duties upon the Trustee beyond those expressly provided in the Indenture. The assignment hereunder to the Trustee is solely in its capacity as Trustee under the Indenture.

SECTION 5. *Execution in Counterparts*. This Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Agreement may be separately executed by the Trustee and the Authority, both with the same force and effect as though the same counterpart had been executed by the Trustee and the Authority.

SECTION 6. *Binding Effect*. This Agreement inures to the benefit of and binds the Authority and the Trustee, and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 7. *Governing Law*. This Agreement is governed by the laws of the State of California.

[Remainder of page intentionally left blank. Signatures on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers as of the day and year first written above.

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
John Jansons
Executive Director

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee*

By: _____
Authorized Officer

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Kerman, County of Fresno, State of California, which is more particularly described as follows:

Attachment 'F'

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

BOND PURCHASE AGREEMENT

_____, 2025

Kerman Public Financing Authority
850 S. Madera Ave.
Kerman, California 93630

City of Kerman
850 S. Madera Ave.
Kerman, California 93630

Ladies and Gentlemen:

Oppenheimer & Co. Inc., as underwriter (the "**Underwriter**"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the Kerman Public Financing Authority (the "**Authority**") and the City of Kerman, California (the "**City**"), which, upon the acceptance of the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer is made subject to acceptance by the Authority and by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., Pacific Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture of Trust, dated as of ____ 1, 2025 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Kerman Public Financing Authority 2025 Lease Revenue Bonds, in the aggregate principal amount of $_____ (the "**Bonds**"). The Bonds will be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on April 1 and October 1 in each year, commencing _____1, 2026 and will mature, bear interest and be subject to redemption prior to maturity as set forth in Exhibit A hereto. The purchase price for the Bonds shall be equal to $_____ (being the aggregate principal amount thereof, plus net original issue premium of $_____, less an underwriter's discount of $_____).

Section 2. The Bonds. The Bonds shall be secured by a pledge of Revenues consisting primarily of certain lease payments("**Lease Payments**") to be paid by the City pursuant to a Lease Agreement, dated as of _____1, 2025, by and between the Authority, as lessor, and the City, as lessee (the "**Lease Agreement**"), concerning the leaseback of certain real property and improvements

(the "**Leased Property**"). The Authority's right to receive the Lease Payments due under the Lease Agreement and to exercise remedies upon default thereunder shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to the Indenture.

The Bonds shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the City and the Underwriter.

The proceeds of the Bonds shall be used (i) to finance the acquisition construction and improvement of certain facilities of the City, and (ii) to pay the costs of issuance of the Bonds.

As used herein, the term "**Authority Documents**" collectively refers to the Bonds, this Purchase Agreement, the Indenture, the Lease Agreement and, the Site Lease, dated as of _____ 1, 2025 (the "**Site Lease**"), by and between the City and the Authority under which the City will lease the Leased Property to the Authority. The Bonds and the execution and delivery of the Authority Documents were authorized by the Authority under the resolution adopted by the Board of Directors of the Authority on _____, 2025 (the "**Authority Resolution**").

As used herein, the term "**City Documents**" collectively refers to this Purchase Agreement, the Continuing Disclosure Certificate, dated _____1,2025 (the "**Continuing Disclosure Agreement**"), executed and delivered by the City, the Lease Agreement and the Site and Facility Lease. The City authorized the execution and delivery of the City Documents under the resolution adopted by the City Council of the City on _____, 2025 (the "**City Resolution**").

Section 3. Public Offering and Establishment of Issue Price.

(a) The Underwriter agrees to make a bona fide initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The City and the Authority acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Authority, on one hand, and the Underwriter, on the other; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or Authority on other matters); (iv) the Underwriter has financial and other interests that differ from those of the City and the Authority; and (v) the City and Authority have consulted their own legal, financial and other advisors to the extent they have deemed appropriate.

(b) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in

the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by Fieldman, Rolapp & Associates, Inc. (the "**Municipal Advisor**") and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

(c) Except as otherwise set forth in Exhibit A, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(d) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column "Hold the Offering Price Rule Used," as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to: (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public; and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority

acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on: (A) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires; and (B) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "**public**" means any person other than an underwriter or a related party;

(ii) "**underwriter**" means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "**related party**" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "**sale date**" means the date of execution of this Purchase Agreement by all parties.

Section 4. The Official Statement. By its acceptance of this proposal, the Authority and the City ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Bonds dated _____, 2025 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "**Preliminary Official Statement**") that authorized officers of the City deemed "final" as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for certain information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information

previously permitted to have been omitted by Rule 15c2-12), including the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City and the Underwriter (the "**Official Statement**") in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "**MSRB**").

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees: (i) to provide the Authority and the City with final pricing information on the Bonds on a timely basis; and (ii) to promptly file a copy of the Official Statement, including any supplements prepared by the Authority or the City with the MSRB at http://emma.msrb.org. The Authority and the City hereby approve of the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the offer and sale of the Bonds. The Authority and the City will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

Section 5. Closing. At 8:30 a.m., Pacific Time, on _____, 2025, or at such other time or date as the Authority and the Underwriter agree upon (the "**Closing Date**"), the Authority shall deliver or cause to be delivered to the Trustee, the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's FAST procedures. Concurrently with the delivery of the Bonds, the Authority and the City will deliver the documents hereinafter mentioned at the offices of Jones Hall LLP, San Mateo, California ("Bond Counsel"), or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the "**Closing**."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is a public body, duly organized and existing under the Constitution and laws of the State of California (the "**State**"), including Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "**JPA Act**"), and the Joint Exercise Powers Agreement, as amended, (the "**JPA Agreement**"), between the City and the California Statewide Communities Development Authority.

(b) The Authority has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action, the Authority has duly adopted the Authority Resolution and has duly authorized and approved the Authority Documents, has duly authorized and

approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Authority has complied, and will at the Closing be in compliance in all material respects, with the terms of the Authority Documents.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the end of the underwriting period (as defined herein), the Authority discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which

might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 6(g).

(i) The information in the Official Statement set forth under the caption "THE AUTHORITY" does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter and the Authority that:

(a) The City is general law city, validly existing under the Constitution and laws of the State.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance

by the City of the obligations on its part contained in, the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against municipal corporations in the State. The City has complied, and will at the Closing be in compliance in all material respects, with the terms of the City Documents.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have a materially adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Documents, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with the City Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not and will not contain and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except

that this representation does not include statements in the Official Statement under the caption "UNDERWRITING" information regarding DTC and its book-entry only system or CUSIP numbers, or under the caption "THE AUTHORITY" and under the caption "LITIGATION" with respect to the Authority, as to which no view is expressed).

(g) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the City having been accomplished, or threatened in writing to the City: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease Agreement or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, or the City Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation, or contesting the powers of the Authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the City; and (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the City's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the City is aware that would cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book entry only system, as to which no view is expressed), the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "**end of the underwriting period**" means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Underwriter at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of material events specified in such rule.

(l) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2024 attached as Appendix B to the Official Statement fairly represent the receipts, expenditures and cash balances of the City. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2024 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(m) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Agreement and the other City Documents, to provide annual reports and notices of certain events, if material. A description of this undertaking is set forth in Appendix D to the Preliminary Official Statement and will also be set forth in the Official Statement.

(n) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the City, as well as authorized representatives of Bond Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the City and the Authority contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the City Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the City Documents, Authority Documents, or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would materially adversely impact the ability of the City to pay the Lease Payments.

(d) In recognition of the desire of the Authority, the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any material statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority affecting the federal or State tax status of the Authority or the City, or the interest on or with respect to bonds or notes (including the Bonds); or

(iii) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934,

as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(vi) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(vii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, material adversely affects the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(viii) any rating of the Bonds or the rating of any obligations of the City secured by the City's general fund shall have been downgraded or withdrawn by a national rating service, which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) the commencement of any action, suit or proceeding described in Section 6(g) or Section 7(h), if, in the reasonable opinion of the Underwriter, such action, suit or proceeding materially adversely affects the market price of the Bonds.

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The Authority Resolution relating to the Bonds and authorizing the execution and delivery of the Bonds and the Authority Documents and the Official Statement signed by an authorized official of the Authority;

(ii) The City Resolution relating to the Bonds and authorizing the execution and delivery of the City Documents and the delivery of the Bonds and the Official Statement signed by an authorized official of the City;

(iii) The City Documents and the Authority Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) The approving opinion of Bond Counsel dated the Closing Date and addressed to the Authority and the City, in substantially the form attached as Appendix E to the Official Statement, and a reliance letter thereon addressed to the Underwriter;

(v) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the Authority and the City and is a valid, binding and enforceable obligation of the Authority and the City;

(B) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act or 1939, as amended;

(C) The statements contained in the Preliminary Official Statement and in the Official Statement under the captions "INTRODUCTION," " THE LEASED PROPERTY," "THE BONDS," "SECURITY FOR THE BONDS," and "TAX MATTERS," and in Appendix C—" SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" and Appendix E—"FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Assignment Agreement, the Lease Agreement, the Site and Facilities Lease, and Bond Counsel's opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects; and

(vi) The Official Statement, executed on behalf of the Authority and the City, and the Preliminary Official Statement;

(vii) Evidence that the ratings on the Bonds are as described in the Official Statement;

(viii) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (ii) no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument;

(ix) A certificate, dated the Closing Date, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the City, and the City has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the Closing Date; (ii) no event affecting the City has occurred since the date of the Official Statement

which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information in the Official Statement under the caption "UNDERWRITING" information regarding DTC and its book entry only system or CUSIP numbers, or under the caption "THE AUTHORITY" and under the caption "LITIGATION" with respect to the Authority) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (iv) the City is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(x) An opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, as Counsel to the Authority, to the effect that:

(A) The Authority is a joint exercise of powers agency of the State, validly existing under the Constitution and laws of the State;

(B) The Authority Resolution authorizing the execution and delivery of the Bonds, the Authority Documents and this Purchase Agreement has been duly adopted at a meeting of the Board of Directors of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and has not been amended, modified or rescinded;

(C) The Authority has full legal right, power and authority to enter into and carry out the transactions contemplated of it by the Authority Documents and this Purchase Agreement;

(D) The Authority Documents and this Purchase Agreement have been duly authorized, executed and delivered by the Authority, and assuming due authorization, execution and delivery of such documents by the other parties thereto, the Authority Documents and this Purchase Agreement constitute legally binding agreements of the Authority enforceable against the Authority in accordance with their respective terms (except as limited herein);

(E) The Authority has obtained all State governmental, legislative, administrative and judicial authorizations, approvals, consents and orders that are required to be obtained on connection with the Authority's performance of its obligations under the Authority Documents, this Purchase Agreement and the Authority Resolution, unless the failure to obtain such authorizations, approvals, consents or orders would not have a material adverse effect on the due performance by the Authority of such obligations, provided that no opinion is rendered as to any approvals, consents and orders as may be required under Federal law or the Blue Sky laws or securities laws of any other state in connection with such performance;

(F) Except as disclosed in the Official Statement, the execution and delivery of the Authority Documents and this Purchase Agreement do not materially conflict with or constitute a material breach or default under any State law, administrative regulation or other agreement to which the Authority is a party or to which it is bound;

(G) Except as described in the Official Statement, no litigation is pending or, to the best of such counsel's knowledge, threatened in any State or federal court (1) challenging the titles of the officials of the Authority signatory to any of the Authority Documents or this Purchase Agreement to their respective offices; (2) contesting or affecting the validity of the Authority Documents, this Purchase Agreement or the Authority Resolution; (3) in any way contesting the power of the Authority to approve, execute and deliver the Authority or this Purchase Agreement or to adopt the Authority Resolution; (4) to restrain or enjoin the Lease Payments under the Lease Agreement; or (5) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xi) an opinion dated the Closing Date and addressed to the Underwriter, of the City Attorney of the City, to the effect that:

(A) The City is a general law city, validly existing under the Constitution and laws of the State;

(B) The City Resolution authorizing the execution and delivery of the City Documents and this Purchase Agreement, has been duly adopted at a meeting of the City Council of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and has not been amended, modified or rescinded;

(C) The City has full legal right, power and authority to enter into and carry out the transactions contemplated of it by the City Documents and this Purchase Agreement;

(D) The City Documents and this Purchase Agreement have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery of such documents by the other parties thereto, the City Documents to which the City is a party and this Purchase Agreement constitute legally binding agreements of the City enforceable against the City in accordance with their respective terms (except as limited herein);

(E) The City has obtained all State governmental, legislative, administrative and judicial authorizations, approvals, consents and orders that are required to be obtained on connection with the City's performance of its obligations under the City Documents, this Purchase Agreement and the City Resolution, unless the failure to obtain such authorizations, approvals, consents or orders would not have a material adverse effect on the due performance by the City of such obligations, provided that no opinion is rendered as to any approvals, consents and orders as may be required under Federal law or the Blue Sky laws or securities laws of any other state in connection with such performance;

(F) Except as disclosed in the Official Statement, the execution and delivery of the City Documents and this Purchase Agreement do not materially conflict with or

constitute a material breach or default under any State law, administrative regulation or other agreement to which the City is a party or to which it is bound;

(G) Except as described in the Official Statement, no litigation is pending or, to the best of such counsel's knowledge, threatened in any State or federal court (1) challenging the titles of the officials of the City signatory to any of the City Documents and this Purchase Agreement to their respective offices; (2) contesting or affecting the validity of the City Documents, this Purchase Agreement or the City Resolution; (3) in any way contesting the power of the City to approve, execute and deliver the City Documents or to adopt the City Resolution; (4) to restrain or enjoin the Lease Payments under the Lease Agreement; or (5) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) An opinion of Jones Hall LLP, San Mateo, California, in its capacity as Disclosure Counsel, dated the Closing Date and addressed to the Authority, the City and the Underwriter, to the effect that, no facts have come to attention of Disclosure Counsel that have caused such counsel to believe that the Preliminary Official Statement, as of its date or the date of this Purchase Agreement, or the Official Statement, as of its date and as of the Closing Date (except for the following items, which are expressly excluded from the scope of this sentence: any financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information regarding DTC and its book-entry only system, that is contained or incorporated by reference in the Preliminary Official Statement or the Official Statement and the appendices to the Preliminary Official Statement or the Official Statement) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) An opinion of Stradling Yocca Carlson & Rauth LLP, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(xiv) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(xv) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee in form and substance satisfactory to the Underwriter;

(xvi) The preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xvii) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xviii) The tax certificate and agreement of the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xix) A certificate, dated the date of the Preliminary Official Statement, of the City, as required under Rule 15c2-12;

(xx) A certificate, dated the date of the Preliminary Official Statement, of the Authority, as required under Rule 15c2-12;

(xxi) Certified copies of the JPA Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State;

(xxii) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee;

(xxiii) A copy of an ALTA or CLTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City's leasehold interest in the Leased Property, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter; and

(xxiv) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in Official Statement. After the Closing, neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the "end of the underwriting period," whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the "end of the underwriting period" will be the Closing Date.

Section 10. Expenses. The Authority or the City will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to (a) the cost of the preparation and printing or other reproduction of the Authority Documents and the City Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor and any other experts or other consultants retained by the Authority or the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; and (g) the Underwriter's out-of-pocket expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement, including CDIAC fees, CUSIP Services Bureau charges, the fees for its

counsel, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Oppenheimer & Co. Inc., 135 Main Street, Suite 1700, San Francisco, California 94105, Attention: Nicki Tallman, Managing Director, Public Finance. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing to the Kerman Public Financing Authority c/o City of Kerman, 850 S. Madera Ave., Kerman, California 93630, Attention: Chairperson. Any notice or communication to be given the City under this Purchase Agreement may be given by delivering the same in writing to the City of Kerman, 850 S. Madera Ave., Kerman, California 93630, Attention: City Manager.

Section 12. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Electronic Signatures.

(a) The parties hereto acknowledge and agree that this Purchase Agreement may be executed by one or more electronic means (hereinafter referred to as "Electronic Signatures"). Each party hereto agrees that Electronic Signatures provided by such party shall constitute effective execution and delivery of this Purchase Agreement by such party to all other parties to or relying on this Purchase Agreement. Each party hereto agrees that Electronic Signatures shall constitute complete and satisfactory evidence of the intent of such party to be bound by those signatures and by the terms and conditions of this Purchase Agreement as signed. Each party agrees that Electronic Signatures shall be deemed to be original signatures for all purposes.

(b) Each party hereto agrees to accept Electronic Signatures provided by any and all other parties to this Purchase Agreement as (i) full and sufficient intent by such parties to be bound hereunder, (ii) effective execution and delivery of this Purchase Agreement and (iii) constituting this Purchase Agreement an original for all purposes, without the necessity for any manually signed copies to be provided, maintained or to exist for back up or for any other purpose.

(c) If Electronic Signatures are used to execute this Purchase Agreement, each party hereto hereby accepts the terms of, and intends and does sign, this Purchase Agreement by its Electronic Signature hereto.

Section 16. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

OPPENHEIMER & CO. INC.

By: _____
Title: Authorized Officer

Accepted as of the date first stated above:

CITY OF KERMAN

By: _____
Its: City Manager

Time of Execution: _____ p.m. Pacific Time

ATTEST:

By: _____
Its: City Clerk

KERMAN PUBLIC FINANCING AUTHORITY

By: _____
Its: Chairperson

Time of Execution: _____ p.m. Pacific Time

ATTEST:

By: _____
Its: Secretary

EXHIBIT A

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

MATURITY SCHEDULE

Maturity Date (October 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Initial Offering Price*	*10% Test Used*	*Hold the Offering Price Rule Used*
	$	%	%			

T Term Bond.
C Priced to first optional redemption date of October 1, 20__ at par.

EXHIBIT B

$_____
KERMAN PUBLIC FINANCING AUTHORITY
2025 LEASE REVENUE BONDS

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Oppenheimer & Co. Inc. (the "**Oppenheimer**"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "**Bonds**").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "**General Rule Maturities**."

(b) *Issuer* means the Kerman Public Financing Authority.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "**related party**" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2025.

(f) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Oppenheimer's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal

income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

OPPENHEIMER & CO. INC.

By:_____
Name:_____

Dated: _____, 2025

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(*Attached*)

Attachment 'G'

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE - FULL BOOK-ENTRY

S&P RATING (INSURED BONDS): "___"
S&P RATING (UNDERLYING): "___"
See "RATINGS"

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

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

Authority for Issuance. The bonds captioned above (the "**Bonds**") are being issued by the Kerman Public Financing Authority (the "**Authority**") pursuant to an Indenture of Trust dated as of [October 1], 2025 (the "**Indenture**") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), which was authorized by a resolution adopted by the Board of Directors of the Authority as described herein. See "THE BONDS – Authority for Issuance."

Use of Proceeds. The Bonds are being issued to finance public capital improvements of the City of Kerman (the "**City**") anticipated to consist of, but not limited to, a new multi-generational community resiliency center and improvements to the City's new police station and to pay costs of issuance of the Bonds. See "FINANCING PLAN."

Security for the Bonds. Under the Indenture, the Bonds are payable from and secured by a first pledge of and lien on "Revenues" (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of [October 1], 2025, by and between the Authority, as lessor, and the City, as lessee (the "**Lease**"), consisting primarily of semi-annual lease payments (the "**Lease Payments**") made by the City under the Lease with respect to the lease of certain real property, as further described herein. See "SECURITY FOR THE BONDS."

Bond Terms; Book-Entry Only. The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on [April 1], 2026, and will be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – General Provisions."

Redemption. The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

[***Bond Insurance; Reserve Fund Insurance***. [To come, if applicable.]

NEITHER THE BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE
(see inside cover)

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

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall LLP, as Bond Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. It is anticipated that the Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2025*.

[Oppenheimer logo]

The date of this Official Statement is: _____, 2025.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

MATURITY SCHEDULE

$_____ Serial Bonds

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$_____ ____% Term Bonds due October 1, 20___; Price: _____%; Yield: _____; CUSIP†: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

KERMAN PUBLIC FINANCING AUTHORITY
(Fresno County, California)

AUTHORITY BOARD / CITY COUNCIL

Maria Pacheco, *Chair/Mayor*
Gary Yep, *Boardmember/Mayor Pro Tem (District 1)*
Berdie Hall, *Boardmember/Councilmember (District 2)*
Ismael Herrera, *Boardmember/Councilmember (District 3)*
Raj Dhaliwal, *Boardmember/Councilmember (District 4)*

CITY / AUTHORITY STAFF

John Jansons, *City Manager/Executive Director*
Josefina Alvarez, *Finance Director/Treasurer*
Josie Camacho, *City Clerk/Secretary*
Hilda Montoy of Montoy Law Corporation, *City Attorney/General Counsel*

PROFESSIONAL SERVICES

Municipal Advisor
Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel
Jones Hall LLP
San Mateo, California

Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement, or in the condition of the security for the Bonds since the date of this Official Statement.

This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites and any links contained within those websites are not incorporated herein by reference and do not constitute part of this Official Statement.

INTRODUCTION 1
FINANCING PLAN 4
General 4
Estimated Sources and Uses 4
THE LEASED PROPERTY 5
Leased Property 5
Substitution and Release 5
DEBT SERVICE SCHEDULE 7
THE BONDS 8
Authority for Issuance 8
General Provisions 8
Transfer, Registration and Exchange 9
Redemption 9
Book-Entry Only System 11
SECURITY FOR THE BONDS 12
Revenues; Pledge of Revenues 12
Assignment to Trustee 12
Allocation of Funds by Trustee 13
Lease Payments 14
Limited Obligation 15
Additional Obligations 15
Source of Lease Payments; Covenant to Budget and Appropriate 16
Abatement 16
Remedies on Default 16
Property Insurance 17
THE AUTHORITY 18
THE CITY 20
General 20
City Government 20
Labor Relations 21
CITY FINANCIAL INFORMATION 21
Accounting and Financial Reporting 21
General Fund, the Budget Process and Information 22
Financial Statements 23
Sales and Use Taxes 25
Property Taxes 27
Transient Occupancy Tax 30
Other Sources of Revenues 30
Direct and Overlapping Bonded Debt 31
Relevant Fiscal Policies 32
Employee Retirement System; CalPERS 34
No Other Post-Employment Benefit (OPEB) Plan 37
General Fund Long-Term Indebtedness 37
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 38
Article XIIIA of the State Constitution 38
Article XIIIB of the State Constitution 38
Articles XIIIC and XIIID of the State Constitution 39
Proposition 1A; Proposition 22 40
Unitary Property 41
Possible Future Initiatives 41
BOND OWNERS' RISKS 42
No Pledge of Taxes 42
Abatement 42
Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments 43
Additional Obligations of the City 44
Default 44
Sales Taxes 45
Property Taxes 45
Natural Calamities 46
Pandemic Diseases 47
Cyber Security 47
Limitations on Remedies Available to Bond Owners 48
Secondary Market for Bonds 48
TAX MATTERS 49
CERTAIN LEGAL MATTERS 50
LITIGATION 50
RATING 51
CONTINUING DISCLOSURE 51
MUNICIPAL ADVISOR 51
UNDERWRITING 52
CONTINGENT FEES 52
EXECUTION 52

APPENDIX A: AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2024
APPENDIX B: GENERAL INFORMATION ABOUT THE CITY OF KERMAN AND THE COUNTY OF FRESNO
APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS
APPENDIX D: FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E: FORM OF OPINION OF BOND COUNSEL
APPENDIX F: DTC AND THE BOOK-ENTRY ONLY SYSTEM
[APPENDIX G: SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

[REGIONAL LOCATION MAP]

OFFICIAL STATEMENT

$_____*
KERMAN PUBLIC FINANCING AUTHORITY
2025 Lease Revenue Bonds

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Authority for Issuance. The Kerman Public Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**Bonds**") under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "**Bond Law**"), a resolution adopted by the Board of Directors (the "**Board**") of the Authority on August 27, 2025 (the "**Authority Resolution**"), a resolution adopted by the City Council (the "**City Council**") of the City of Kerman (the "**City**") on August 27, 2025 (the "**City Resolution**"), and an Indenture of Trust (the "**Indenture**") dated as of [October 1], 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

Purpose of the Bonds. The Bonds are being issued to finance public capital improvements of the City anticipated to consist of, but not limited to, a new multi-generational community resiliency center and improvements to the City's new police station, and to pay costs of issuance of the Bonds. See "FINANCING PLAN."

The Authority and the City. The Authority is a joint powers authority established pursuant to that certain Joint Exercise of Powers Agreement dated as of August 15, 2007, by and between the City and the Kerman Redevelopment Agency, whose membership was recently replaced by the California Statewide Infrastructure Communities Development Authority. The Authority is governed by a five-member Board of Directors (the "**Board**"), which consists of the members of the City Council of the City. The Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities of benefit to the City. Under the Bond Law, the Authority has the power to lease real property in furtherance of the acquisition of public improvements necessary or convenient for the operation of the City, or to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. See "THE AUTHORITY."

* Preliminary; subject to change.

The City, incorporated in 1946, is located 16 miles west of the City of Fresno in the San Joaquin Valley. While predominately agricultural, there has been a shift in economic development in recent years, leading to new development. For additional background, and certain demographic and economic information regarding the City and the County, see APPENDIX B.

***Bond Terms; Book-Entry Only*.** The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on [April 1], 2026. The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company ("**DTC**"), or its nominee, which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS – Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Security for the Bonds. The City and the Authority will enter into a Site Lease dated as of [October 1], 2025 (the "**Site Lease**"), under which the City will lease certain real property to the Authority, as described herein (the "**Leased Property**") and as further described herein under the caption "THE LEASED PROPERTY." The net proceeds of the Bonds will be used by the Authority to fund the payment obligation under the Site Lease.

In order to secure the payments of principal of and interest on the Bonds, the Authority will lease the Leased Property back to the City under a Lease Agreement (the "**Lease Agreement**"), under which the City is obligated to pay semiannual lease payments (the "**Lease Payments**") as rental for the Leased Property, and the Authority will assign substantially all of its rights under the Lease Agreement to U.S. Bank Trust Company, National Association as trustee for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on the Revenues received by the Authority under the Lease Agreement, consisting primarily of the Lease Payments.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City. See "SECURITY FOR THE BONDS."

[***Bond Insurance; Reserve Fund Insurance***. [To come, if applicable.]

***Redemption*.** The Bonds are subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease, the Bond Owners may receive less than the full amount of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS – Abatement" and "BOND OWNERS' RISKS."

Additional Obligations. Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred by the Authority which are payable out of the Revenues in whole or in part. However, the City is permitted to enter into other

obligations which constitute additional charges against its revenues, including pursuant to additional leases involving the Leased Property, without the consent of Owners of the Bonds.

Risks of Investment. Debt service on the Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease. The Lease Payments are payable from revenues available in the City's general fund, which revenues may be materially adversely affected by numerous factors outside the City's control. For a discussion of some of the risks associated with the purchase of the Bonds, see "BOND OWNERS' RISKS."

NEITHER THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

General

The Bonds are being issued to finance development of a new multi-generational community resiliency center and tenant improvements to the City's police station, and to pay costs of issuance for the Bonds.

Multi-Generational Resiliency Center. The City received a $7.25 million grant to be used for the construction of a 15,400 square foot addition to the existing 11,618 square foot Kerman Community Center to create the Kerman Area Multi-Generational Resiliency Center located at 15101 West Kearney Boulevard in the City. The total project cost is estimated a approximately $16.383 million; however, the amount funded through the grant program will specifically cover the hard costs associated with the construction project's resiliency features. The City will match the remaining funds necessary for the project using a portion of the proceeds of the Bonds.

New Police Station Improvements. The City recently purchased a new building, including an adjacent vacant lot anticipated to be used for parking, located at West B Street and South Madera Avenue in the City for approximately $2.9 million. It will be relocating the existing police station facility to the new location, following making tenant improvements expected to be in a cost range of approximately $10-12 million. The tenant improvements will be paid in part from proceeds of the Bonds.

Estimated Sources and Uses

The estimated sources and uses of funds relating to the Bonds are as follows:

Sources:	
Principal Amount of Bonds	$
Plus/Less [Net] Original Issue Premium/Discount	
TOTAL SOURCES	$
Uses:	
Deposit to Project Fund	
Costs of Issuance[(1)]	
TOTAL USES	$

(1) Represents funds to be used to pay Costs of Issuance, which include rating agency fees, bond counsel, disclosure counsel, Trustee fees, Underwriter's discount and other costs of issuing the Bonds[, including premiums for bond insurance and reserve fund insurance].

THE LEASED PROPERTY

Leased Property

The Leased Property consists of the City's interest in [(i) the Police Station located at 850 S Madera Avenue, (ii) the Office Building and the Warehouse and Shop Building each located at 15061 W C Street, (iii) the Public Works Office Building, the Public Works Shop Building and the Public Works Shop each located at 15201 W California Avenue, (iv) the Office Building located at 942 S. Madera Avenue, (v) the Animal Shelter located at 15375 W California Ave ("A" Street), (vi) the Community Center located at 15101 W Kearney Plaza, (vii) Lion's Park located at 744 S Park Ave and (viii) Kerckhoff Park located at 15023-15099 W G Street] [To be finalized].

Simultaneously with the delivery of the Bonds, the Authority will acquire a leasehold interest in the Leased Property from the City. The Authority will sublease the Leased Property to the City pursuant to the Lease. Under the Lease, the City has agreed to maintain the Leased Property in good working condition.

The City estimates that the Leased Property has a value of at least the aggregate principal amount of the Bonds. The City and the Authority, based on records they maintain, estimate the current annual fair rental value of the Leased Property to be not less than the amount of the annual Lease Payments.

Bondholders do not have a mortgage on any portion of the Leased Property and no ability to foreclose on the Leased Property or accelerate the Lease Payments in the event of a default. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" and "SECURITY FOR THE BONDS – Remedies on Default" herein.

Substitution and Release

Substitution of Lease Property. Under the Lease, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the conditions set forth in the Lease, which consist of the following:

- No Event of Default has occurred and is continuing.

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of the Lease, the Site Lease and the Assignment Agreement, which adds the legal description of the Substitute Property to the Lease and deletes therefrom the legal description of the Former Property.

- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the then-aggregate principal amount of Lease Payments then due hereunder.

- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City, constitutes property which the

City is permitted to lease under the laws of the State of California, and has been determined to be important to the proper, efficient and economic operation of the City.

- The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made in the Lease.

- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such substitution is at least equal to the aggregate principal amount of the Lease Payments then due under the Lease, (ii) the estimated fair rental value of the Leased Property following such substitution is at least equal to the remaining Lease Payments due under the Lease, and (iii) the useful life of the Substitute Property at least extends to the stated termination date of the Lease.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property as set forth above.

Release of Leased Property. Under the Lease, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease (the "**Released Property**") provided that the City has satisfied all of the requirements under the Lease that are conditions precedent to such release, which consist of the following:

- No Event of Default has occurred and is continuing.

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Fresno County Recorder's Office, sufficient memorialization of an amendment of the Lease, the Site Lease and the Assignment Agreement, which removes the Released Property therefrom.

- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that (i) the estimated value of the Leased Property following such release is at least equal to the aggregate principal amount of the Lease Payments then due hereunder, and (ii) the estimated fair rental value of the Leased Property following such release is at least equal to the remaining Lease Payments due thereunder.

Upon the satisfaction of all the conditions precedent set forth in the Lease, the term of the Lease will end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Bonds.

Year Ending October 1	Principal	Interest	Total Debt Service
Total:			

THE BONDS

This section provides summaries of the Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Authority for Issuance

The Bonds are being issued under the Bond Law and the Indenture, approved pursuant to the Authority Resolution and the City Resolution.

General Provisions

Bond Terms. The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

***Payments of Principal and Interest*.** Interest on the Bonds will be payable on April 1 and October 1 in each year, beginning [April 1], 2026 (each an "**Interest Payment Date**"). Interest on the Bonds is payable from the Interest Payment Date next preceding the date of its authentication unless: a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, a Bond is authenticated on or before 15 days prior to the first Interest Payment Date, in which event interest thereon will be payable from the Closing Date, or interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is computed on the basis of a 360-day year composed of 12 months of 30 days each and payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See "– Book-Entry Only System" below.

Record Date. Under the Indenture, "**Record Date**" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be affected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

The Trustee may refuse to transfer or exchange, under the provisions of the Indenture described above, any Bonds selected by the Trustee for redemption under the Indenture, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Redemption

Optional Redemption. The Bonds maturing on or before October 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after

October 1, _____ , are subject to optional redemption in whole, or in part at the at the election of the Authority (at the direction of the City) among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after October 1, _____, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Mandatory Sinking-Fund Redemption. The Bonds maturing October 1, _____ (the "**Term Bonds**") are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following tables; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000 (as set forth in a schedule provided by the Authority to the Trustee).

Term Bonds Maturing October 1, _____

Sinking Fund Redemption Date (October 1)	Principal Amount To Be Redeemed

Extraordinary Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity in whole or in part among maturities as determined by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed (plus accrued but unpaid interest to the redemption date), without premium, from Net Proceeds received under the Lease Agreement and from amounts deposited in the Insurance and Condemnation Fund pursuant to the Indenture, and any other funds available for such purpose under the Indenture.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Bonds shall be selected for redemption on a pro-rata basis among outstanding maturities. For purposes of such selection, the Trustee will treat each Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption. The Trustee will mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Information Services.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the

redemption date. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

However, while the Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption Notice. The Authority has the right to rescind any notice of the redemption of Bonds under the Indenture by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Effect of Redemption. When notice of redemption has been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Lease and the Site Lease. See "APPENDIX C – Summary of Principal Legal Documents" for a more complete summary of the Indenture, the Lease, the Site Lease and the Assignment Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts held in any fund or account established under the Indenture (excluding amounts in the Cost of Issuance Fund and the Project Fund) are pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

"**Revenues**" are defined in the Indenture as (a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts the City is obligated to pay under the Lease or under another lease as additional amounts of rental for the use and occupancy of the Leased Property if such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or obligations other than the Bonds,, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee

Under the Assignment Agreement, the Authority will transfer to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under the provisions of the Lease regarding Additional Rental Payments, repayment of advances, indemnification, and the payment of attorneys' fees). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will immediately be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of the Indenture regarding the duties of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

Allocation of Funds by Trustee

Deposit of Revenues into Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under the Indenture, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

Transfers from the Bond Fund. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, including the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

Application of Accounts within Bond Fund.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates, and the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

Application of Redemption Fund. The Trustee will establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under the Indenture.

[***Application of Reserve Fund; Reserve Fund Insurance Policy***. To come, if applicable]

Lease Payments

Requirement to Make Lease Payments. Under the Lease, subject to the provisions of the Lease concerning rental abatement (see – "Abatement," below) and prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in the Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in the Lease (defined as the 5th Business Day immediately preceding each Interest Payment Date).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid under the Lease.

The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Rate on Overdue Lease Payments. If the City fails to make any of the payments of Lease Payments required in the Lease, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The Authority and the City have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Additional Rental Payments. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority:

(a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;

(b) All reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and

other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease or the Indenture;

(d) Amounts coming due and payable as Excess Investment Earnings in accordance with the Lease; and

(e) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving the Lease, the Bonds, the Indenture or any of the other documents contemplated thereby, or otherwise incurred in connection with the administration of the Lease.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Obligations

Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

However, the Lease provides that the Lease may be amended to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if

(a) such additional rent payments are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, and

(b) the City has filed with the Trustee a written certificate stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate then-outstanding principal amount of the Bonds and all such other bonds, notes or other obligations.

Source of Lease Payments; Covenant to Budget and Appropriate

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease regarding abatement. See "– Abatement" herein.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently and the remainder is useable for the City's purposes, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease continues in full force and effect and the City waives any right to terminate the Lease by virtue of any such damage and destruction.

Remedies on Default

Failure by the City to make Lease Payments, or failure to pay Additional Rental Payments or to observe and perform any other terms, covenants or conditions contained in the Lease or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute Events of Default under the Lease. Such events permit the Trustee or the Authority to pursue any and all available remedies. However, notwithstanding anything in the Lease or in the Indenture to the contrary, neither the Authority nor the Trustee have any right, under the Lease, the Site Lease or otherwise, to foreclose or sell the Leased Property, nor is there any right under any circumstances to

accelerate the Lease Payments or otherwise declare any Lease Payments that are not then in default to be immediately due and payable. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" herein.

Following an event of default, the Authority or the Trustee may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture. See "BOND OWNERS' RISKS – Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments" herein.

In the Event of Default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease and neither the Authority nor the Trustee are empowered to sell the Leased Property.

The City will be liable only for Lease Payments on an annual basis and, in the Event of Default, the Authority or Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Property Insurance

Liability Insurance. Under the Lease, the City is required to maintain or cause to be maintained throughout the Term of the Lease, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Such policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease regarding self-insurance, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the then-outstanding Lease Payments. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by

the City in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such insurance must be applied as provided in the Lease.

Rental Interruption Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the Lease, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Title Insurance. The city is required obtain a CLTA title insurance policy insuring the City's leasehold estate under the Lease in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease.

Insurance Net Proceeds; Form of Policies. Each policy of casualty insurance, rental interruption insurance, and title insurance if any, maintained under the Lease must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Net Proceeds of such insurance must be applied as provided in the Lease.

The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required under the Lease are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any liability and property damage insurance maintained under the Lease is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that Joint Exercise of Powers Agreement dated as of August 15, 2007, by and

between the City and the Successor Agency to the Kerman Redevelopment Agency (as successor to the Kerman Redevelopment Agency), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code. [**Updates to come**]

The Authority was formed for the purpose, among others, of assisting the City in the acquisition, construction and financing of public improvements that are of public benefit to the City. Under the Law, the Authority has the power to lease real property in furtherance of the acquisition of public improvements necessary or convenient for the operation of the City, or to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale.

The Authority is governed by a five-member Board of Directors (the "**Board**"), which consists of the members of the City Council of the City. The Mayor serves as the Chairman, the City Manager serves as the Executive Director, the City Clerk serves as the Secretary, and the City's Finance Director serves as the Treasurer of the Authority.

THE CITY

General

The City was incorporated as a general law city in 1946. The City operates under a Council-Manager form of government. For additional background, and certain demographic and economic information regarding the City and the County, see APPENDIX B.

City Government

The City operates under a Council-Manager structure of government. Policy making and legislative authority are vested in the City Council, which is responsible, among other matters, for passing resolutions and ordinances, adopting the City budget, appointing committees, and hiring the City Manager. The City Council is comprised of five members, including a City-wide-elected Mayor and four Councilmembers elected by district. Each member serves a staggered 4-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City Council of the City currently consists of the following persons:

Name and Office	Current Term Expires
Maria Pacheco, *Mayor*	November 2028
Gary Yep, *Mayor Pro Tem (District 1)*	November 2026
Berdie Hall, *Councilmember (District 2)*	November 2028
Ismael Herrera, *Councilmember (District 3)*	November 2026
Raj Dhaliwal, *Councilmember (District 4)*	November 2028

Following are short biographies of the City Manager and Finance Director:

John Jansons, City Manager. Mr. Jansons has over 25 years' experience in local government and has served as Kerman City Manager since 2019. His prior experience includes serving as City Manager in Farmersville, Tulare County and as Town Manager, in Windsor in Sonoma County. He has a successful track record and experience serving as Redevelopment Director and Community Investment Director completing significant projects in economic development, redevelopment, and affordable housing in California and Oregon cities. Mr. Jansons has a Bachelors in International Relations from University California-Davis where he was selected in a national competition to serve a semester aboard at the American Embassy, London England with the United States Department of State.

Josefina Alvarez, Finance Director. Ms. Alvarez has over 20 years of local government experience working for the City of Kerman. Her experience includes processing all functions of the Finance Department, and managing multiple city, state and federal grants. Ms. Alvarez has an Associates Degree in Accounting, and has been a notary public since April 2017.

Theresa Johnson, CPRP, Community Services Director. Ms. Johnson has over 24 years of experience in the local government sector, specializing in Parks, Recreation, and Community Services, and has served as Community Services Director since 2022. Her prior experience includes serving as a Community Services Coordinator, Recreation Coordinator, and Recreation Supervisor in the cities of Kingsburg, Selma, San Gabriel,

and for the past 11 years in Kerman. She has managed local, state, and federally funded programs and projects, including but not limited to park and facility development, program planning, and implementation. Ms. Johnson earned a Bachelor's degree in Recreation Administration with an emphasis in Leisure Service Management with certificates in Special Event Planning and Serving At-Risk Youth, as well as a Certified Park and Recreation Professional (CPRP) through the National Recreation and Park Association.

Labor Relations

The City had approximately 83 full-time employees as of June 30, 2025. All employees are covered by the City's Personnel Rules and Regulations adopted by the City Council. Under State law, public employees have the right to "collective bargaining", the right to be represented by unions regarding wages, hours and working conditions. Most City employees are represented by one of four bargaining units that are covered by a Memorandum of Understanding, union contracts that result from good faith negotiations under the terms of State law. All other employees, including Management, are categorized as "unrepresented" or "confidential" employees (ineligible for union representation because of their job access to confidential personnel matters), and have a Schedule of Benefits outlining benefits, and policies, etc. The City characterizes labor relations as being good, stable and productive. Negotiations with one labor group is currently ongoing. The City has not experienced a major work stoppage by City employees in the last 20+ years.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("**GAAP**") and the standards established by the Governmental Accounting Standards Board ("**GASB**").

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accumulated unpaid vacation, sick pay and other employee benefit amounts, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual are sales taxes and interest revenue. Forfeitures, licenses, other permits and miscellaneous revenue are not susceptible to accrual because they

are not measurable until received in cash. Grant funding received in advance of the related expenditure is accounted for as unearned revenue.

Grant revenues are recognized in the Fiscal Year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City Council employs, at the beginning of each Fiscal Year, an independent certified public accounting firm which, at such time or times as specified by the City Council, at least annually, at such other times as such firm shall determine, examines the books, records, inventories and reports of all officers and employees who receive, control, handle or disburse public funds and of all such other officers, employees or departments as the City Council may direct. As soon as practicable after the end of the Fiscal Year, a final audit and report is submitted by such firm to the City Council and a copy of the financial statements as of the close of the Fiscal Year is published.

For additional details, see APPENDIX A.

General Fund, the Budget Process and Information

General Fund. The City's General Fund is its primary operating fund and is where the City accounts for all its general-purpose revenues. It is distinguished from the City's other governmental funds that are used to account for special purpose revenues, capital projects, debt service activities, and monies held for the benefit of others.

Fiscal Year Budget Process. The City operates on a Fiscal Year basis that begins on July 1 of each year and ends on June 30 of the following year. The annual budget adopted by the City Council provides for the general operation of the City. Development of the City's annual budget is a process which generally begins in February and March and continues until the budget is adopted by the City Council in June. The General City Budget includes programs which are provided on a largely City-wide basis. The programs and services are financed primarily by the City's share of sales tax, property tax, revenues from the State and/or federal government, and charges for services provided.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the Fiscal Year. Appropriations lapse at Fiscal Year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the Fiscal Year. The budgetary level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Fiscal Year 2025-26 Adopted Budget. The adopted budget for Fiscal Year 2025-26 was approved on June 11, 2024. The adopted budget projects General Fund revenues to be approximately $11.9 million and expenditures to be approximately $16.8 million. The adopted budget includes an expected capital reserve investment from Measure M of approximately $5.4 million. The vast majority of these revenues come from taxes and assessments.

Financial Statements

The City's accounting policies conform to generally accepted accounting principles and reporting standards set forth by the State Controller. The audited financial statements also conform to the principles and standards for public financial reporting established by GASB. The City's Annual Comprehensive Financial Report ("**ACFR**") for Fiscal Year 2023-24, including the City's audited financial statements, is set forth in Appendix A. The following table provides a five-year history of the City's General Fund revenues, expenditures, and changes in fund balances for Fiscal Years 2019-20 through 2023-24.

TABLE 1
City of Kerman
Statements of Revenues, Expenditures and Changes in General Fund Balance
Fiscal Years 2019-20 through 2023-24

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
Revenues					
Taxes	$6,737,248	$7,600,359	$8,085,737	$9,218,980	$9,135,520
Licenses, permits and impact fees	599,114	493,781	1,005,511	798,919	935,220
Intergovernmental	474,459	466,474	501,321	652,435	556,088
Charges for services	210,877	241,968	239,627	246,419	240,764
Fines and forfeitures	33,886	37,643	49,180	21,548	46,727
Rents	132,920	81,704	102,660	100,926	87,372
Investment earning, net of unrealized gain/(loss)	97,160	(6,078)	(64,751)	87,490	465,427
Other revenue	54,876	335,146	124,492	216,175	137,574
Total Revenues	**8,340,540**	**9,250,997**	**10,043,777**	**11,342,892**	**11,604,692**
Expenditures					
Current:					
General Government	617,833	733,650	1,237,962	1,092,891	1,458,732
Public works	811,115	849,204	875,589	1,048,214	1,249,444
Community development	503,717	371,266	377,775	467,290	590,126
Social services	623,057	703,337	718,143	667,896	7 77,468
Public safety	3,217,594	3,508,651	3,900,552	4,013,978	4,386,219
Capital outlay	138,981	1,474,244	1,010,676	400,339	977,391
Total expenditures	**5,912,297**	**7,640,351**	**8,120,697**	**7,690,608**	**9,439,380**
Excess (deficiency) of revenues over (under) expenditures	2,428,243	1,610,645	1,923,080	3,652,284	2,165,312
Other financing sources(uses)					
Lease revenues		--	106,388	147,947	98,650
Sale of an asset	--	128,409	--	--	--
Transfers in		10,496	--	--	
Transfers (out)		--	(243,700)	(94,689)	(590,567)
Total other financing sources[(1)]	**(193,920)**	**138,905**	**(137,312)**	**53,258**	**(491,917)**
Net Change in fund balances	**2,234,323**	**1,749,550**	**1,785,768**	**3,705,542**	**1,673,395**
Beginning of year	**4,426,596**	**6,660,919**	**8,410,469**	**10,196,237**	**13,901,779**
End of year	**$6,660,919**	**$8,410,469**	**$10,196,237**	**$13,901,779**	**$15,575,174**

(1) Only net transfers in/(out) information available for certain fiscal years.
Source: City Finance Department and City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Statements of Revenues and Expenditures. The following table provides a five-year history of the City's General Fund revenues, expenditures, and changes in fund balances for Fiscal Years 2019-20 through 2023-24.

TABLE 2
City of Kerman
General Fund Balance Sheets
Fiscal Years 2019-20 through 2023-24

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
Assets					
Cash and investments	$4,457,333	$7,058,206	$8,779,669	$11,168,887	$13,386,679
Accounts receivable	22,211	34,986	22,255	21,076	19,785
Taxes receivable	1,009,923	970,993	1,072,342	1,774,305	1,269,563
Leases receivable	--	--	745,077	653,761	560,909
Prepaids	1,034	--	2,784	--	55,007
Due from other governments	52,440	91,332	102,164	139,978	104,824
Interest receivable	19,649	7,558	22,388	107,673	199,072
Due from other funds	1,446,853	1,095,958	609,981	1,173,703	1,321,770
Total Assets	**7,009,443**	**9,259,033**	**11,356,660**	**15,039,383**	**16,917,609**
Liabilities					
Accounts payable	335,898	836,502	431,961	506,464	810,147
Due to other funds	--	--	--	--	--
Deposits payable	9,379	8,750	10,578	12,400	12,200
Unearned revenue	3,247	3,312	--	--	3,378
Total Liabilities	**348,524**	**848,564**	**442,539**	**522,242**	**825,725**
Deferred Inflow of Resources					
Deferred right to use lease revenue	--	--	717,884	615,362	516,710
Total Deferred Inflows of Resources	**--**	**--**	**717,884**	**615,362**	**516,710**
Fund Balances					
Unfunded liability	100,000	100,000	100,000	100,000	100,000
Emergency reserve	1,478,074	1,885,088	2,005,174	1,897,652	2,334,845
Revenue stability reserve	886,845	1,131,053	1,203,105	1,138,591	1,400,907
Major asset repair and replacement reserve	886,845	1,131,053	1,203,105	1,138,591	1,400,907
Unassigned	3,309,156	4,163,275	5,684,854	9,626,945	10,338,515
Total Fund Balance	**6,660,919**	**8,410,469**	**10,196,237**	**13,901,779**	**15,575,174**
Total Liabilities & Fund Balance	**$7,009,443**	**$9,259,033**	**$11,356,660**	**$15,039,383**	**$16,917,609**

Source: City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Governmental Activities Key Revenue Components (Taxes and Assessments). The following tables sets forth the components of the City largest category of revenues (Taxes and Assessments), encompassing the General Fund and funds related to other governmental activities.

TABLE 3
City of Kerman
Governmental Activities – Components of Taxes and Assessments
Fiscal Years 2019-20 through 2023-24

Type of Tax	2019-20	2020-21	2021-22	2022-23	2023-24
Property taxes	$2,607,496	$2,811,398	$2,978,759	$3,331,004	$3,671,701
Special assessments	237,404	240,602	237,806	355,159	380,457
Sales taxes	4,291,380	4,969,193	5,310,960	6,102,938	5,759,619
Franchise and other taxes	127,452	136,653	150,911	177,341	189,465
Business licenses	70,970	95,902	87,503	93,766	117,084
Rents	374,787	324,332	273,087	344,623	421,168
Interest income /(loss)	147,952	14,831	(40,259)	168,185	598,169
Gain on sale of assets	--	128,409	--	--	--
Other	108,655	400,885	190,780	276,491	208,398
Transfers	(31,283)	252,456	430,879	61,150	309,105
Totals	**$7,934,813**	**$9,374,661**	**$9,620,426**	**$10,910,657**	**$11,655,166**

Source: City of Kerman - Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Sales and Use Taxes

Overview. Sales and use taxes typically represents the largest source of tax revenues to the City's General Fund. Sales and use taxes are less stable sources of revenues to the City, given that they are based on consumer spending within the City which is impacted by a variety of factors including the overall economy and other factors.

Historic Taxable Transactions. The following table shows historical taxable transactions in the City for the most recent three years available.

TABLE 4
City of Kerman
Taxable Transactions
Fiscal Years 2022 through 2024
(In Thousands of Dollars)

	2022	2023	2024	% Change from 2023-24
Motor Vehicle and Parts Dealers	$12,117	$15,322	$16,065	4.62%
Home Furnishings and Appliances	--	$ 477	--	--
Building Materials	--	--	--	--
Food and beverage stores	5,029	5,871	6,124	4.13%
Gasoline stations	24,181	23,818	22,590	-5.43%
Clothing and Clothing Accessories stores	2,984	2,977	3,150	5.49%
General merchandise stores	--	--	--	--
Food services and drinking places	26,785	29,885	30,657	2.52%
Other retail stores	86,939	83,431	83,836	0.48%
Total Retail and Food Services	**158,035**	**161,782**	**162,423**	**0.39%**
All other outlets	37,080	63,620	61,181	-3.99%
Total All Outlets	**$195,115**	**$225,402**	**$223,604**	**-0.80%**

Source: California Department of Tax and Fee Administration.

City of Kerman Measure M (1.0%). In November 2018, voters in the City approved Measure M, which established an additional 1.0% sales and use tax on taxable transactions within the City. Measure M was approved by 73.17% of the voters voting on the question and is a "general tax," which means funds are available for all general purposes of the City and not restricted to particular projects or services. There is no sunset date on this 1.0% sales and use tax.

The City intends to use a portion of Measure M revenues to pay the lease payments securing the Bonds.

State-Wide Sales Tax Law. Taxable transactions in the City are currently subject to the following sales and use tax, of which the City's share is only a portion. The City collects a percentage of taxable sales in the City (minus certain administrative costs) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"). The State collects and administers the sales tax under the Sales Tax Law, and makes distributions on taxes collected within the City, as shown in the following table. Measure M, a 1% general sales tax measure for essential city services and projects in the City (described further herein), was passed by the voters in November 2018.

TABLE 5
City of Kerman
Sales Tax Rate as of January 1, 2025

State of California	6.00%
Fresno County	0.25
City of Kerman Measure M	1.00
Fresno County Local Tax	1.00
Fresno County District Tax	0.725
Total	**8.975%**

Source: California Department of Tax and Fee Administration (CDTFA).

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the "**CDTFA**"). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the State Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, or county are required to be transmitted by the CDTFA to such city, city and county, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Applicability of Sales and Use Tax. Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the CDTFA's Publication 61 (December 2022) entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the CDTFA's website at http://www.cdtfa.ca.gov/. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Property Taxes

Property Taxes represents the second-largest sources of taxes to the City's General Fund, after sales and use taxes. Property taxes represent a very stable source of revenue to the City, and are based in large part on assessed valuations of property located in the City.

Property Tax Delinquencies; Teeter Plan. The Board of Supervisors of Fresno County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in Fresno County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. As a result, participating entities receive 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect, the City's receipt of revenues with respect to the levy of ad valorem property taxes levied in Fresno County will not be dependent upon actual collections of the ad valorem property taxes by each County. However, under the statute creating

the Teeter Plan, a Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire county and, in addition, a Board of Supervisors can terminate the Teeter Plan with respect to the City if the delinquency rate for all ad valorem property taxes levied within the City in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of ad valorem property taxes in the City would depend upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the City.

General Method of Property Tax Calculations. Proposition 13, passed in 1978, established the current property tax regime for local agencies, including the City, throughout the State. Under Proposition 13, subject to voter-approved debt and certain other exceptions, the base property tax rate on a parcel is limited to 1% of its assessed value and the property tax collected by this 1% County-wide rate is shared by the local agencies eligible to receive property taxes within the applicable County pursuant to applicable State law. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is also established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the State Constitution" for additional information.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a "decline-in-value." As of the January 1st (lien date) each year, the Assessor must enroll either a property's Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a "Proposition 8 Value." "Proposition 8 values" are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Levy and Collection of Property Taxes. Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which have a viable tax lien, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office

of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Historical Assessed Valuations. The table below presents the assessed valuation of taxable property in the City for the prior ten fiscal years.

TABLE 6
City of Kerman
Assessed Valuations of All Taxable Property
Fiscal Years 2015-16 through 2024-25

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2015-16	$600,286,525	$295,160	$30,938,900	$631,520,585	--%
2016-17	628,890,853	295,160	27,628,679	656,814,692	4.0
2017-18	681,421,657	295,160	28,651,470	710,368,287	8.2
2018-19	720,913,254	295,160	34,163,140	755,371,554	6.3
2019-20	777,949,156	313,915	30,620,810	808,883,881	7.1
2020-21	842,549,900	313,915	24,497,833	867,361,648	7.2
2021-22	878,929,354	329,115	29,604,634	908,863,103	4.8
2022-23	961,552,596	454,096	35,091,955	997,098,647	9.7
2023-24	1,062,884,576	502,118	35,365,686	1,098,752,380	10.2
2024-25	1,142,716,732	370,573	47,616,108	1,190,703,413	8.4

Source: California Municipal Statistics Inc.

Principal Property Taxpayers. The top twenty largest local secured property taxpayers in the City, as shown on the 2024-25 secured tax roll, are listed in the table below. See "– Property Taxes" above for additional information on the levy and collection of property taxes in the City.

TABLE 7
City of Kerman
Principal Property Taxpayers (Secured Roll)
Fiscal Year 2024-25

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	% of Total [(1)]
1.	Perfect Pac LP	Industrial	$ 30,336,022	2.65%
2.	Wal-Mart Real Estate Business Trust	Commercial	20,098,461	1.76
3.	Golden Meadows LLC	Apartments	18,373,244	1.61
4.	Joseph Crown Construction & Development	Residential Properties	12,987,220	1.14
5.	Kalpakoff Properties LLC	Industrial	12,855,946	1.13
6.	15649 West California Avenue LP	Apartments	12,100,000	1.06
7.	Kerman Strauss LLC	Commercial	9,192,177	0.80
8.	Pebble Brook LLC	Apartments	9,042,611	0.79
9.	Golden West Mobile Estates LLC	Mobile Home Park	7,807,509	0.68
10.	Helena Chemical Company	Industrial	7,472,639	0.65
11.	J S West & Company	Industrial	6,946,468	0.61
12.	Pacific West Coast Properties LLC	Commercial	5,561,923	0.49
13.	Pinnacle Agriculture Distribution Inc.	Industrial	5,407,639	0.47
14.	Kathana LLC	Commercial	4,521,795	0.40
15.	CA Manufacturing & Engineering Co LLC	Industrial	4,515,038	0.40
16.	G & B Investments	Apartments	4,400,330	0.39
17.	DBB Properties LLC	Commercial	3,438,216	0.30
18.	Kerman Go LLC	Commercial	3,127,972	0.27
19.	4G Holdings XI LLC	Commercial	3,060,000	0.27
20.	Century Communities of California LLC	Residential Properties	2,884,635	0.25
			$184,129,845	16.11%

(1) The total City secured assessed valuation for fiscal year 2024-25 is $1,142,716,732.
Source: California Municipal Statistics, Inc.

Transient Occupancy Tax

The City levies a "hotel/motel" tax, which is also known as a transient occupancy tax ("**TOT**") on short-term lodging stays in the City in the amount of 10% of the room rates charged by hotels, motels and similar establishments in the City. This revenue is included in the City's financial statements as Miscellaneous Revenue.

Other Sources of Revenues

Administration and Overhead Fees. Fiscal Year 2025-26 revenues remain the same as Fiscal Year 2024-25 with $310,771 for Administration and Overhead. These fees are charged to the various departments outside of the General Fund for their estimated share of costs related to the infrastructure and administration services provided by the City. No fee increases for administration and overhead are included in Fiscal Year 2025-26 budget.

Building Fees. Building Fees are projected at $987,500 for Fiscal Year 2025-26 which consist of Planning and Zoning Fees, Building Permits, Engineering Inspection Fees, Plan Check Inspection Fees and C & D Recycle Program.

Franchise Taxes. Franchise taxes are projected to increase 6.54% when compared to the Fiscal Year 2024-25 estimated year end budget. Franchise tax revenue is expected to be $236,549 for Fiscal Year 2025-26. Franchise taxes are paid to the City by PG&E and Comcast Cable Television.

Rents. Rental income is expected to slightly decrease by about 2.01% when compared to Fiscal Year 2024-25 estimated year end budget. This decrease is due to a lease that is expected to end December 2025. If the lessee agrees to renew the lease, revenues for rents should be back on track with an increase. The Fiscal Year 2025-26 projection for rental revenues is $189,962. The City's General Fund receives rent from the Community Teen Center, 942 S. Madera Avenue building, agricultural properties, cell tower leases and from other facilities and parks rentals.

Licenses and Permits. This revenue category is mainly comprised of business licenses, animal licenses and other licenses and permits. Total revenues for Fiscal Year 2025-26 in this category are $136,464, with business license revenue of $122,716, animal license of $7,000 and Miscellaneous Permits of $6,747.

Direct and Overlapping Bonded Debt

Set forth on the following page is a direct and overlapping debt report for the City (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City 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 City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency. Neither the City, the Authority nor the Underwriter has verified this information.

TABLE 8
City of Kerman
Direct and Overlapping Debt Statement
As of February 1, 2025

2024-25 Assessed Valuation: $1,190,703,413

OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/25**	
State Center Community College District	0.971%	$ 3,388,644	
Kerman Unified School District	51.477	20,039,537	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$23,428,181	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Fresno County General Fund Obligations	1.070%	$200,518	
Fresno County Pension Obligation Bonds	1.070	1,789,443	
City of Kerman General Fund Obligations	**100.000**	**2,659,000**	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$4,648,961	
COMBINED TOTAL DEBT		$28,077,142	(2)

Ratios to 2024-25 Assessed Valuation:

Direct Debt ($2,659,000)	**0.22%**
Total Direct and Overlapping Tax and Assessment Debt	1.97%
Combined Total Debt	2.36%

(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Relevant Fiscal Policies

General. The City has adopted a comprehensive set of fiscal policies to provide guidance for all fiscal activities and resource allocation decisions as defined in the annual budget. The policies set forth guidelines for both current activities and long-range planning. In addition, the City Council approved or adopted several other fiscal policies including:

- Investment Policy.
- Debt Management Policy.
- Reserve Policy

The following are certain highlighted aspects of the adopted policies.

City Investment Policy. The City invests its funds in accordance with the City's Investment Policy, in accordance with Section 53600 et seq. of the State Government Code. Idle cash management and investment transactions are the responsibility of the City Manager and City Treasurer. The Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy's stated overarching purpose is to (i) ensure that public funds are invested in such a manner as to comply with state and local laws; (ii) ensure prudent money management; (iii) provide for daily cash flow requirements; and (iv) meet the objectives of the Investment Policy (per California Government Code Section 53600.5) in the following order of priority:

Safety of Principal: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure

the preservation of capital in the overall portfolio. To attain this objective, the City strives to diversify its investments by investing funds among a variety of securities with independent returns.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. Maturities of investments are selected in anticipation if disbursement needs, thereby obviating the need for forced liquidation or lost interest penalties.

Return on Investments: The City's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the City's investment risk constraints identified in the Investment Policy and the cash flow characteristics of the portfolio.

Debt Management Policy. The City's Debt Management Policy sets forth parameters for issuing debt and managing the City's debt portfolio and generally sets forth the following: (i) the purposes for which the debt proceeds may be used, (ii) the types of debt that may be issued, (iii) the relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable, (iv) policy goals related to the City's planning goals and objectives, and (v) the internal control procedures that the City has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use. This policy will also assist the City in pursuing and maintaining quality credit ratings in addition to providing guidance to decision makers.

Reserve Policy. The City maintains four Reserve Policies to support the City during economic cycle fluctuations that affect City revenue generation, to secure greater stability in multi-year municipal financing, and to safeguard the public welfare and interest to provide continued service delivery to the Kerman residents, during unexpected revenue shortage or unplanned, necessary expenditures.

- Emergency Reserve- comprises 25% of operating expenditures, to cover an emergency, unanticipated expense or cash flow needs;
- Revenue Stability Reserve- comprises 15% of operating expenditures, to cover any unanticipated drop in sales or property tax revenues;
- Major Asset Repair and Replacement Reserve- comprises 5% of operating expenditures for repairs and 10% of operating expenditures for replacements, to cover any repairs and replacement of major facilities and equipment; and
- Undesignated Reserve- comprises any amount remaining after meeting minimum reserves, to cover any discretionary expenditures approved by the Council.

As of June 30, 2024, the General Fund had a Reserve Balance of $15,575,174.***Risk Management.*** The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority ("**CSJVRMA**"). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled

by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first $25,000 of each occurrence is charged directly to the member. Each member maintains a $1,000,000 self-insured retention ("**SIR**") amount covered by the Authority pooled investments. The Authority purchases excess liability coverage through the California Affiliated Risk Management Authority for the amount in excess of $1,000,000.

The City maintains a self-insured retention level of $50,000 for workers' compensation insurance. Coverage between $50,000 and $500,000 is provided through the risk pool. CSJVRMA participates in an excess pool which provides workers' compensation coverage from $5,000,000 to $200,000,000. Each program year is retrospectively adjusted three years after the end of the program year and annually thereafter.

The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager or directly from the Authority.

See APPENDIX A Note 9 for additional details regarding the City's pension and other employee benefits, including as relates to Risk Management.

Employee Retirement System; CalPERS

*This caption contains certain information relating to California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

General Information about the Pension Plans. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan ("**Plan**"), administered by CalPERS. The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "**risk pools**"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the City. The City's employer rate plans in the safety risk pool include the

Miscellaneous Plan ("**Miscellaneous**"), PEPRA Miscellaneous plan ("**PEPRA Miscellaneous**"), the Safety Classic plan ("**Safety Classic**"), and the PEPRA Safety plan ("**PEPRA Safety**").

PEPRA. On September 12, 2012, the California Governor signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2012 ("**PEPRA**") and that also amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. Effective January 1, 2013, PEPRA: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

***Actions Taken by CalPERS Related to Discount Rate and Other Assumptions*.** In 2013, the CalPERS' Board of Administration (the "**Board of Administration**") approved a recommendation to change the CalPERS amortization and smoothing policies. In 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities. In 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. In 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In 2016, the Board of Administration voted to lower its discount rate for local agencies over time.

On July 12, 2021, CalPERS announced it had achieved a preliminary investment return of 21.3% for the 12-month period ending June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the double-digit return triggered a November 2021 reduction in the discount rate from 7.00% to 6.80%.

Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under PEPRA will also see their contribution rates rise. PEPRA included certain other provisions to try to minimize pension costs for covered employees. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

Asset Volatility Ratio (AVR). Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For

example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio for the Miscellaneous Plan, the PEPRA Miscellaneous, the Safety Classic and the PEPRA Safety plan which a measure of each plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Benefits Provided. The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each Plan that were in effect at June 30, 2024, are summarized as follows:

Miscellaneous Plan

	Miscellaneous	
Hire Date	Prior to January 1, 2013	PEPRA On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits, as a % of eligible	2.00%	2.00%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	10.10%	7.68%

Employer Rate Plans in the Safety Risk Pool

	Safety Classic	PEPRA Safety
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.0% @ 55	2.0% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible	2.00%	2.00%
Required Employee Contribution Rates	7.00%	11.00%
Required Employer Contributions Rates	16.45%	10.85%

Source: City of Kerman - Audited Financial Statements for Fiscal Year 2023-24.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following the notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any

unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2024, the contributions recognized $777,836 as part of the pension expense.

Net Pension Liability. At June 30, 2024, the City reported a net pension liability for its Miscellaneous Plan of $3,614,718, and for its Safety Police Plan of $2,091,321. See Note 11 to the City's audited financial statements for the fiscal year ending June 30, 2024 attached hereto as Appendix A for more information.

No Other Post-Employment Benefit (OPEB) Plan

The City does not offer Other Post-Employment Benefits.

General Fund Long-Term Indebtedness

The following is the only long-term debt obligation payable from the City's General Fund.

2020 Refunding Lease Financing. In September 2020, the City and Authority entered into a lease refinancing agreement to refinance lease revenue bonds issued in 2007. Under this arrangement, the Authority agreed to assign its right to receive semiannual lease payments from the City in consideration of the receipt of funding in an amount of $3,041,000. The lease payments are made each April 1 and October 1 beginning in 2021 through 2037, with an interest rate of 2.31%. Webster Bank is the sole assignee under this financing.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the State Constitution

Section 1(a) of Article XIIIA of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975–76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment could serve to reduce the property-tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "newly constructed" the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIIIB of the State Constitution

Article XIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental

entity. The “base year” for establishing this appropriations limit is the 1978–79 Fiscal Year. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIIIB generally include authorizations to expend during a Fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIIIB provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIIIB was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds $100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long term General Fund lease obligations are generally excluded from the City’s appropriations limit. The City has never exceeded its appropriations limit.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional

special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the Bonds could be adversely affected.

Burden of Proof. Article XIIIC provides that local government "bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City's General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes

from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988–89 Fiscal Year, are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State–assessed revenue; and (ii) if county–wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State–assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Possible Future Initiatives

Article XIIIA, Article XIIIB and Propositions 218, 26, IA and 22 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the City's revenues or its ability to expend revenues.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – General Fund Long-Term Indebtedness."

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIIC and Article XIIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Leased Property caused by material damage, title defect, destruction to or condemnation of the Leased Property, Lease Payments will be subject to abatement. See "SECURITY FOR THE BONDS – Abatement" herein. In the event that such component of the Leased Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of in which proceeds of rental interruption insurance, if any, will be available in lieu of

Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Leased Property or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full. It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of issuance of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Leased Property results in abatement of the Lease Payments related to such Leased Property and if such abated Lease Payments, if any, together with moneys from rental interruption or use and occupancy insurance, if any, (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Bonds during the period that the Leased Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Reduction in Lease Payments due to abatement as provided in the Lease does not constitute a default thereunder, and no remedy is available to the Bond Owners under the Lease or the Indenture for nonpayment under such circumstances. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease – Abatement of Rental."

Limited Recourse on Default; No Right to Repossess; No Acceleration of Lease Payments

Failure by the City to make Lease Payments, or failure to pay Additional Rental Payments or to observe and perform any other terms, covenants or conditions contained in the Lease or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute Events of Default under the Lease. Such events permit the Trustee or the Authority to pursue any and all remedies available. However, notwithstanding anything in the Lease or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments that are not then in default to be immediately due and payable.

Following an event of default, the Authority or the Trustee may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease" herein.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease and neither the Authority nor the Trustee are empowered to sell the Leased Property. The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Authority or Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Additional Obligations of the City

General. The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Bonds, and may in the future be subject to liabilities payable from the general fund (some of which are described below). To the extent that additional obligations are incurred by (or imposed upon) the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Litigation. The City is subject to litigation arising in the normal course of business, and no assurance can be provided regarding the financial impact of any future litigation against the City. See "LITIGATION."

CalPERS Obligations. Many cities and other local agencies in the State have been faced with increased payments due to CalPERS in recent years. The City, like many other cities and local agencies in the State, is responsible for payments to CalPERS for its share of employee pension costs. Amounts owed to CalPERS for pension costs have increased in recent years and are expected to continue to increase, as CalPERS implements changes to its discount rate and other methodologies for calculating pension costs. See "THE CITY – Pension Plans" for additional information on CalPERS.

Default

Whenever any event of default referred to in the Lease happens and continues, the Trustee (as assignee of the Authority) is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service on the Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Sales Taxes

Sales tax revenues are typically the biggest source of revenue to the City, behind property taxes. Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, before final maturity of the Bonds, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the CDTFA for administering the City's sales tax could also be changed.

Property Taxes

Property taxes are a significant source of General Fund revenue to the City. Certain risks associated with property tax revenues follow.

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the Bonds when due.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien

date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City's property tax revenues.

Natural Calamities

General. Natural disasters, such as seismic events, flooding, landslides or wildfires, could affect economic activity in the City, and could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the City or impact the Leased Property.

Seismic. Like much of the State, the City is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the area of the City, such an occurrence may adversely affect economic activity in the City, and could have a negative impact on City finances. The City could be at risk from strong ground motion and secondary effects related to a seismic event, including ground failure and seismically induced flooding caused by dam failures.

Droughts. California is subject to droughts from time-to-time. Although California is not currently in a drought, drought may reoccur in the future, and have a material adverse impact on the economic activity in the City, which in turn could have a material adverse impact on the City's General Fund finances.

Wildfires and Fire Insurance. In the past, drought conditions in the State (see "– Natural Calamities – Droughts" above) have led to increased risk of wildfire. In particular, certain electrical

operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in California, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Although not located in a very high fire hazard severity zone, no assurance can be given that wildfires will not erupt in the City and negatively impact development of property in the City or willingness and ability to pay property taxes in the future.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the "Governor's Order") which canceled penalties, costs and interest on overdue property taxes) within certain zip codes affected by the Palisades Fire and the Altadena Fire during calendar year 2025. This will likely cause a delay in the payment of taxes by certain property owners in any areas affected by the Governor's Order. In the event of a major fire or other natural disaster affecting the City, a similar order affecting the City could impact the debt service payment for the Bonds.

Climate Change. City finances may be negatively impacted by climate change. Local impacts of climate change are not definitive, but parcels in the City could experience changes to local and regional weather patterns; increased risk of flooding from severe weather events including heavy rain, hail and thunderstorms; and water restrictions resulting from future drought conditions. See, for example, the discussions above regarding extreme heat, wildfires and droughts.

Pandemic Diseases

In recent years, the COVID-19 pandemic impacted governments, businesses and people in a manner having negative effects on global and local economies. In response to the pandemic, the City took actions to activate its emergency operations center, temporarily close all non-essential City services, introduced teleworking as and where appropriate, implemented daily screening of all employees, and abided by all state and federal guidelines and orders.

Although the COVID-19 pandemic is now officially over, the City cannot predict the impact that COVID-19 or another future pandemic or other health event may have on the City's General Fund. There can be no assurances that the spread of future pandemics or other health events, such as declining business and travel activity, will not materially adversely impact the financial condition of the City and the City's General Fund. In addition, the City may experience increased personnel costs and/or reduced revenues due to any such situation and the related impact on economic and other activity in and around the City.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. The City has cyber safety protocols in place and maintains insurance coverage for loss resulting from cyber security incidents, however no assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. To date, the City

experienced one cyber security incident, which was discovered as a result of the City's cyber safeguards and resolved by the City and its cyber insurer with no adverse consequences to the City.

The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of property taxes, the Trustee, and the dissemination agent. No assurance can be given that the City and/or the other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel, concurrently with the issuance of the Bonds, will include a qualification that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture, the Lease and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See "APPENDIX E — FORM OF OPINION OF BOND COUNSEL."

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being

made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not

purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which is set forth in "APPENDIX E – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will also be passed upon for the City and the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP.

LITIGATION

Except as may otherwise be set forth in this Official Statement, to the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal,

state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease.

RATINGS

It is anticipated that S&P Global Ratings ("**S&P**"), a division of Standard & Poor's Financial Services LLC will assign its municipal bond rate of "_____" on the [Insured Bonds/Bonds] in anticipation of the Insurer issuing its Policy on the [Insured Bonds/Bonds]. S&P has also assigned an underlying municipal bond rating of "____" to the Bonds.

These ratings reflect only the views of S&P, and an explanation of the significance of these ratings, and any outlook assigned to or associated with these ratings, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data by not later than nine months after the end of the City's fiscal year, or April 1, of each year (based on the City's current fiscal year-end of June 30), commencing April 1, 2026, with the report for the 2024-25 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate."

The City has not been subject to continuing disclosure obligations under the Rule during the past five years.

MUNICIPAL ADVISOR

The City and the Authority have retained Fieldman, Rolapp & Associates, Inc., of Irvine, California, as municipal advisor (the "**Municipal Advisor**") in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The Municipal Advisor takes no responsibility for the accuracy or completeness

of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

UNDERWRITING

Oppenheimer & Co. Inc., as underwriter (the "**Underwriter**"), has entered into a Bond Purchase Agreement with the Authority and the City under which it will purchase the Bonds at a purchase price of $_____, which is equal to the par amount of the Bonds, [plus a purchase premium][minus a purchase discount] of $_____, less an Underwriter's discount of $_____.

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

CONTINGENT FEES

In connection with the issuance of the Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall LLP, as Bond Counsel and Disclosure Counsel; Fieldman, Rolapp & Associates, Inc., as municipal advisor; Stradling Yocca Carlson & Rauth LLP, as counsel to the Underwriter; and U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

KERMAN PUBLIC FINANCING AUTHORITY

By:_____
Executive Director

CITY OF KERMAN

By:_____
City Manager

APPENDIX A

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2024

APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF KERMAN AND THE COUNTY OF FRESNO

*The following information concerning the County of Fresno (the "**County**") and the City of Kerman (the "**City**") is included only for the purpose of supplying general information regarding the area. The Bonds are not a debt of the County, the City, the State of California (the "**State**") or any of its political subdivisions, and neither the County, the City, the State nor any of its political subdivisions is liable therefor. The City and the Underwriter take no responsibility for the accuracy or completeness of such information.*

General

The City. The City, incorporated in 1946, is located 16 miles west of the City of Fresno in the San Joaquin Valley. It is one of the fasting growing cities in California, and while predominately agricultural, there has been a shift on economic development in recent years, leading to industrial expansions.

The County. The County is California's fifth-largest county as measured by area, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is a melon-producing area, which lies within the Mendota Unified School District. Also, to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in the Central Valley and is a hub of transportation facilities connecting the Central Valley to all parts of the Country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Routes 180 and 198 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

[Remainder of page intentionally left blank]

Population

The most recent estimate of the County's population at January 1, 2025 was 1,037,053 persons according to the State Department of Finance. The City, with an estimated population of 17,535 persons at January 1, 2025. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

FRESNO COUNTY
Population Estimates for Cities Within the County
Calendar Years 2021 through 2025

	2021	2022	2023	2024	2025
Clovis	121,581	123,801	125,000	127,674	129,121
Coalinga	17,519	17,328	17,259	17,252	17,608
Firebaugh	8,145	8,434	8,524	8,510	8,714
Fowler	6,837	6,952	7,193	7,436	7,667
Fresno	542,445	544,097	545,585	552,751	557,032
Huron	6,180	6,187	6,153	6,421	6,932
Kerman	**16,034**	**16,646**	**17,014**	**17,403**	**17,535**
Kingsburg	12,527	12,496	12,953	13,167	13,285
Mendota	12,496	12,505	12,493	12,598	12,710
Orange Cove	9,588	9,559	9,504	9,622	9,717
Parlier	14,535	14,504	14,459	14,535	14,649
Reedley	24,906	25,014	25,494	25,950	26,603
Sanger	26,647	26,439	26,421	26,652	27,037
San Joaquin	3,688	3,656	3,636	3,653	3,654
Selma	24,674	24,513	24,453	24,487	24,585
Balance of County	160,884	160,219	159,492	160,009	160,204
Total	**1,008,686**	**1,012,350**	**1,015,633**	**1,028,120**	**1,037,053**

Source: State Department of Finance estimates (as of January 1).

[Remainder of page intentionally left blank]

Industry and Employment

The unemployment rate in the Fresno MSA was 7.8 percent in May 2025, down from a revised 8.4 percent in April 2025, and above the year-ago estimate of 7.3 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 4.0 percent for the nation during the same period. The unemployment rate was 7.9 percent in Fresno County, and 7.2 percent in Madera County.

The table below provides information about employment by industry type for Fresno County for calendar years 2020 through 2024.

FRESNO COUNTY
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
(Annual Averages)
(March 2024 Benchmark)

	2020	2021	2022	2023	2024
Civilian Labor Force [1]	504,100	503,000	511,300	527,400	538,700
Employment	445,500	456,700	477,800	488,200	496,200
Unemployment	58,700	46,300	33,400	39,100	42,500
Unemployment Rate	11.6%	9.2%	6.5%	7.4%	7.9%
Wage and Salary Employment: [2]					
Agriculture	51,800	52,500	53,000	54,200	53,600
Mining and Logging	300	400	400	400	400
Construction	20,700	22,300	24,400	24,800	25,200
Manufacturing	29,100	29,400	30,300	30,200	30,300
Wholesale Trade	15,500	15,900	17,100	17,300	17,700
Retail Trade	40,800	43,300	44,100	44,400	43,600
Trans., Warehousing, Utilities	19,200	20,500	21,700	21,200	21,600
Information	3,200	3,200	3,500	3,200	2,800
Financial and Insurance	9,200	8,600	8,200	7,500	7,100
Professional and Business Services	34,900	35,000	36,900	36,200	36,500
Educational and Health Services	80,500	83,900	88,100	92,800	98,900
Leisure and Hospitality	32,100	36,600	41,100	41,900	42,300
Other Services	12,100	13,100	14,100	15,700	16,000
Federal Government	11,200	10,400	9,900	9,700	9,700
State Government	15,100	14,600	14,900	15,200	15,700
Local Government	57,000	56,900	60,400	63,100	66,300
Total All Industries [3]	437,800	451,600	473,500	483,300	493,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Columns may not sum to totals due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table shows the major employers in the County as of July 2025, in alphabetical order without regard to the number of employees.

FRESNO COUNTY
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Air National Guard	Fresno	Veterans' & Military Organizations
Amazon Fulfillment Ctr	Fresno	Mail Order Fulfillment Service
California State Univ Fresno	Fresno	Schools-Universities & Colleges Academic
Cargill	Fresno	Meat Packers (mfrs)
City of Fresno	Fresno	Theatres-Live
Community Regional Medical Ctr	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno Police Dept-Central	Fresno	Police Departments
Fresno Police-Mgmt Support	Fresno	Police Departments
Fresno VA Hospital Medical Ctr	Fresno	Hospitals
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service (mfrs)
Pelco Inc	Fresno	Security Control Equip & Systems-Mfrs
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
St Agnes Medical Ctr	Fresno	Medical Centers
St Agnes Medical Ctr	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Junior-Community College-Tech Institutes
Table Mountain Casino	Friant	Casinos
Taylor Communications	Fresno	Communications
Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.

[Remainder of page intentionally left blank]

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State, and the United States for the period 2021 through 2025.

CITY OF KERMAN, FRESNO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
As of January 1, 2021 through 2025

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	City of Kerman	$240,713	$45,813
	Fresno County	20,194,328	48,681
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Kerman	$288,736	$53,836
	Fresno County	23,555,796	57,777
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Kerman	$317,484	$59,322
	Fresno County	24,597,995	58,117
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Kerman	$315,730	$56,523
	Fresno County	26,806,122	63,348
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Kerman	$301,158	$52,321
	Fresno County	27,508,071	64,590
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during calendar year 2024 in the City were reported to be $12,414,531,955, a 4.00% decrease from the total taxable sales of $12,932,172,866 reported during calendar year 2023.

CITY OF KERMAN
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	8,373	$6,264,108	13,770	$8,312,385
2021	8,056	10,320,892	13,398	12,810,755
2022	8,264	10,611,042	13,837	13,379,875
2023	7,941	9,999,468	13,415	12,932,173
2024	8,003	9,602,489	13,568	12,414,532

Source: State Department of Tax and Fee Administration.

Total taxable sales reported during calendar year 2024 in the County were $22,935,579,795, a 3.17% decrease from the total taxable sales of $23,686,220,050 reported during calendar year 2023.

COUNTY OF FRESNO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	14,811	$11,671,337	24,307	$17,078,806
2021	14,162	16,672,884	23,521	22,960,963
2022	14,654	17,230,232	24,512	24,307,053
2023	14,316	16,410,906	23,970	23,686,220
2024	14,520	15,871,353	24,413	22,935,580

Source: State Department of Tax and Fee Administration.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Kerman (the "City") in connection with the issuance by the Authority of the bonds captioned above (the "Bonds"). The Bonds are being issued under an Indenture of Trust dated as of [October 1], 2025 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), as amended.

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

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means nine months after the end of the City's fiscal year, or April 1, of each year (based on the City's current fiscal year-end of June 30).

"*Dissemination Agent*" means _____, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"*Official Statement*" means the final official statement, executed by the City and the Authority in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Oppenheimer & Co. Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for Fiscal Year 2024-25, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) Audited Financial Statements of the City prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report shall contain information showing:

(i) the principal amount of Bonds outstanding and the balance in each fund under the Indenture, as of June 30 preceding the Annual Report; and

(ii) updates to the substance of the information contained in the following tables in the Official Statement: [**Review/Confirm**]

(1) Table 1 – Statements of Revenues, Expenditures and Changes in General Fund Balance

(2) Table 2 – General Fund Balance Sheets

(3) Table 6 – Assessed Valuations of All Taxable Property

(4) Table 7 – Principal Property Taxpayers (top 10 only)

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults, if material.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
(7) Modifications to rights of security holders, if material.
(8) Bond calls, if material, and tender offers.
(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities, if material.
(11) Rating changes.
(12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
(13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

(15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for definition of "financial obligation," see clause (f)).

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for definition of "financial obligation," see clause (f)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For the purposes of the event identified in (a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(e) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(f) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles

on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate shall be governed by the laws of the state of California.

Date: _____, 2025

CITY OF KERMAN

By_____
Name:_____
Title:_____

ACCEPTED AND AGREED:

_____,
As Dissemination Agent

By_____
Authorized Representative

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors
Kerman Public Financing Authority
850 S Madera Avenue
Kerman, California 93630

OPINION: $_____Kerman Public Financing Authority
2025 Lease Revenue Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the Kerman Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the above-referenced bonds (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to (i) Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), and (ii) the Indenture of Trust (the "Indenture"), dated as of [October 1], 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), which were approved by a resolution adopted by the Board of Directors of the Authority on [August 27], 2025 (the "Authority Resolution"). Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal and interest on the Bonds when due, including primarily lease payments to be made by the City of Kerman (the "City") pursuant to the Lease Agreement, dated as of [October 1], 2025, between the City and the Authority (the "Lease"), which was approved by a resolution adopted by the City Council of the City on [August 27], 2025 (the "City Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Lease, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Authority Resolution, to enter into the Indenture, and to perform the agreements on its part contained therein, and to issue the Bonds.

2. The City is a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, with the power to adopt the City Resolution, to enter into the Lease, and to perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

8. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

Neither the issuer of the Bonds (the "Issuer") nor the trustee appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

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

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of ___. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

STAFF REPORT

MEETING DATE: August 27, 2025

PRESENTER: John Jansons, City Manager / Executive Director

SUBJECT: Consideration of Resolution Approving Agreement with Fieldman, Rolapp & Associates for Continuing Disclosure Services Pertaining to Securities Management (JAJ)

RECOMMENDATION: Council by motion adopt resolution approving agreement with Fieldman, Rolapp & Associates for Continuing Disclosure Services pertaining to Securities Management.

DISCUSSION:

An Agreement for Continuing Disclosure Consultant Services is required for the continuing disclosure to be performed in connection with the Kerman Public Financing Authority 2025 Lease Revenue Bonds. Disclosure is required under Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended, California Senate Bill 1029, Government Code Section 8855(k), and the Marks-Roos Local Bond Pooling Act of 1985, as amended (Section 6584 et seq.), Government Code Section 6599.1(b) or other similar rules.

The City desires to retain the professional and technical services of the Consultant for the purpose of reviewing and filing continuing disclosure annual reports, reporting of significant event notices and any other applicable disclosure notices pursuant to Securities issued by City/KPFA and do the necessary work hereinafter to comply with disclosure requirements.

Fieldman, Rolapp & Associates is well qualified to provide the services to public entities such as Kerman, and is ready, willing and able to perform the professional and technical services required for disclosure compliance. Fieldman, Rolapp & Associates is properly registered as a municipal advisor with both the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

FISCAL IMPACT:

The fiscal impact of the Agreement is $5,000 annually to perform the desired work. Further breakdown of costs and fees are included in **Exhibit 'C'** of the attached Agreement.

ATTACHMENTS:

A. Draft Resolution w/Exhibit 1 (Agreement for Continuing Disclosure Services)

Attachment 'A'

RESOLUTION NO. 25-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING AGREEMENT WITH FIELDMAN, ROLAPP & ASSOCIATES FOR CONTINUING DISCIOSURE SERVICES PERTAINING TO SECURITIES MANAGEMENT

WHEREAS, the City and the Kerman Public Financing Authority (City/KPFA) desires continuing disclosure consulting services to be performed in connection with the Kerman Public Financing Authority 2025 Lease Revenue Bonds; and

WHEREAS, the City/KPFA desires to retain the professional and technical services of Fieldman, Rolapp & Associates for the purpose of reviewing and filing continuing disclosure annual reports, reporting of significant event notices and any other applicable disclosure notices pursuant to the Securities (as more fully described in Exhibit B, the "Services"); and do the necessary work hereinafter outlined, upon the terms and conditions hereinafter set forth;

WHEREAS, Fieldman, Rolapp & Associates is well qualified to provide the Services to public entities such as the Issuer and is ready, willing and able to perform said professional and technical services hereinafter set forth; and

WHEREAS, Fieldman, Rolapp & Associates is registered as a municipal advisor with both the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kerman as follows:

1. The foregoing recitals are true and correct and incorporated by reference.

2. City Council finds that Fieldman, Rolapp & Associates, is well qualified to provide the services and is ready, willing and able to perform the professional and technical services requires for disclosure compliance.

3. The Agreement with Fieldman, Rolapp & Associates for Continuing Disclosure Services attached as **Exhibit '1'** to this resolution is approved.

4. The City Manager is authorized to execute the Agreement.

5. This resolution is effective upon adoption.

The foregoing Resolution was adopted by the City Council of the City of Kerman and the Board of Directors of the Kerman Public Financing Authority at a regular meeting held on the 27th day of August 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

The foregoing resolution is hereby approved.

_____
Maria Pacheco
Mayor / Authority Chairperson

ATTEST:

_____
Josie Camacho
City / Authority Clerk

PROFESSIONAL SERVICES AGREEMENT
FOR CONTINUING DISCLOSURE CONSULTING SERVICES

This agreement has been entered into this ____ day of _____, 2025 by and between the city of Kerman (herein, the "Issuer") and Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices (herein, the "Consultant") each of the Issuer and the Consultant shall be referred to generally as a "party" or collectively the "parties" for this Agreement.

WHEREAS, the Issuer desires continuing disclosure consulting services to be performed in connection with the debt obligations defined in Exhibit A attached to this Agreement (the "Securities") in order to comply with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended, California Senate Bill 1029, Government Code Section 8855(k), and the Marks-Roos Local Bond Pooling Act of 1985, as amended (Section 6584 et seq.), Government Code Section 6599.1(b) or other similar rules; and

WHEREAS, the Issuer desires to retain the professional and technical services of the Consultant for the purpose of reviewing and filing continuing disclosure annual reports, reporting of significant event notices and any other applicable disclosure notices pursuant to the Securities (as more fully described in Exhibit B, the "Services"); and do the necessary work hereinafter outlined, upon the terms and conditions hereinafter set forth;

WHEREAS, the Consultant is well qualified to provide the Services to public entities such as the Issuer and is ready, willing and able to perform said professional and technical services hereinafter set forth; and

WHEREAS, the Consultant is registered as a municipal advisor with both the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board;

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and conditions hereinafter set forth, it is agreed as follows:

Section 1 Continuing Disclosure Consulting Services.

As directed by the Issuer, Consultant will provide Services in connection with the Securities as such Services are fully described in Exhibit B attached to this Agreement. Consultant is engaged in an expert continuing disclosure consulting capacity to the Issuer only. It is expressly understood that the Services rendered hereunder are rendered solely to the Issuer. Consultant does not undertake any responsibility to review disclosure documents on behalf of owners or beneficial owners of bonds or debt obligations, which may arise from the Consultant's work hereunder.

Section 2 Additional Requested Services (Amendment of Services).

The Issuer may request that Consultant provide additional services beyond the scope of those referenced in Section 1 above and specifically listed in Exhibit B to this Agreement. The Services to be provided under this Agreement may only be amended by a modification as provided for in Section 7.

Section 3 Compensation

3.01 For Consultant's performance of Services as described in this Agreement, the Consultant's compensation will be as provided in Exhibit C attached to this Agreement,

3.02 Payment of Consultant's expenses shall be made at the time and in the form as provided for in Exhibit C to this Agreement.

3.03 Unless otherwise specified, payment of Consultant's compensation and expenses is due thirty (30) days after submission of Consultant's invoice for Services.

3.04 In the event Issuer abandons the Services of the Consultant prior to completion of Consultant's work, Consultant shall be compensated for Services performed to the point of abandonment at the hourly rates specified in Exhibit C. An act of abandonment shall be deemed to have occurred when there has been a written notification to the Consultant of an abandonment of the Project by the Issuer.

3.05 The schedule of Consultant fees set forth in this Agreement and Exhibit C is guaranteed by Consultant for the term of this Agreement.

Section 4 Personnel.

Consultant has, or will secure, all personnel required to perform the Services under this Agreement. Consultant shall make available other qualified personnel of the firm as may be required to complete Consultant's Services. The Issuer has the right to approve or disapprove any proposed changes in Consultant's staff providing service to the Issuer. The Issuer and Consultant agree that such personnel are employees only of Consultant and shall not be considered to be employees of the Issuer in any way whatsoever.

Section 5 Term of Agreement.

This Agreement shall continue in full force and effect for the life of the Securities from the date hereof unless terminated by either party by not less than thirty (30) days written notice to the other party except that the Agreement shall continue in full force and effect until completion of

Consultant's Services or until an abandonment shall have occurred as described in Section 3.04 hereof.

Section 6 Modification.

This Agreement with all attachments and exhibits, contains the entire agreement and understanding of the parties. It may be amended in whole or in part from time to time by mutual consent of the parties; provided that the Disclosures (as defined herein) required by Section 16 will be updated by the Consultant as required by law. This shall not prohibit the Issuer and Consultant from entering into separate agreements for other services.

Section 7 Work Products.

All work products or any form of property developed by the Consultant in providing the Services shall be provided to the Issuer on request. Work products developed by the Consultant shall be the property of the Issuer, provided that Consultant may use such work products developed for the Issuer and may employ those work products to develop refinements or additional work products in the course of its business.

Section 8 Assignment.

The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of such parties. This agreement may not be assigned by the Consultant without the consent of the Issuer except for compensation due Consultant. Notwithstanding the foregoing, Consultant may assign this Agreement, without the consent of the Issuer, to (i) any parent, subsidiary, or affiliate entity of Consultant, or (ii) any purchaser of all or substantially all of Consultant's assets or to any successor by way of merger, consolidation, or similar transaction.

Section 9 Disclosure.

9.01 The Consultant has disclosed to the Issuer that Applied Best Practices is the tradename of Fieldman, Rolapp & Associates, Inc., a California corporation duly organized and validly existing under the laws of the State of California. The Issuer acknowledges by the execution of this Agreement that:

(a) the Issuer has independently selected the Consultant and is aware of the professional and financial relationship; and

(b) all compensation to be received by the Consultant has been fully disclosed in the attached Exhibit C.

(c) the Consultant may provide continuing disclosure verification services to legal firms engaged by the Issuer; however, the

Consultant does not directly work for underwriting firms with regards to continuing disclosure verification services.

9.02 The Consultant does not assume the responsibilities of the Issuer, or the responsibilities of the other professionals and vendors representing the Issuer. Consultant assumes no responsibility for the scope and accuracy of information included in any disclosure document.

Section 10 Confidentiality.

The Consultant agrees that all financial, statistical, personal, technical and other data and information designated by the Issuer as confidential shall be protected by the Consultant from unauthorized use or disclosure. The Issuer acknowledges that the Consultant is required to comply with applicable laws governing disclosure of public information.

Section 11 Indemnification.

The Issuer and Consultant shall each indemnify ("Indemnifying Party") and hold harmless the other ("Indemnifying Party") from and against any and all losses, claims, damages, expenses, including reasonable legal fees for defense, or liabilities (collectively, "damages"), relating to and/or arising out of any third-party claim alleging any bodily injury, death of any person, or damage to property caused by the Indemnifying Party's gross negligence or willful misconduct; provided, that, the Indemnified Party shall provide the Indemnifying Party prompt notice of any such claim, authorize the Indemnifying Party to settle or defend such claim, provide the Indemnifying Party control of the defense of such claim, and assist such defense (at the Indemnifying Party's reasonable expense) upon request of the Indemnifying Party.

Section 12 Insurance.

12.01 Consultant and the Issuer hereby agree that each shall maintain workers' compensation and comprehensive general liability insurance [and errors and omissions liability insurance] during the term of this Agreement.

12.02 Each party shall, at its own expense, obtain and maintain insurance at all times during the prosecution of this contract.

12.03 Insurance coverages shall not be less than the following:

A. Workers' Compensation

1. State worker's compensation statutory benefits
2. Employer's Liability - policy limits of not less than $1,000,000

B. Comprehensive General Liability coverage with policy limits of not less than $1,000,000 combined single limit for bodily injury and property damage and including coverage for the following:

1. Premises operations
2. Contractual liability
3. Products
4. Completed operation

C. Errors and omissions insurance coverage with policy limits of $2,000,000.

12.04 If requested, Certificates of insurance naming the Issuer as an additional insured for general liability and worker's compensation coverage shall be submitted to the requesting party evidencing the required coverages, limits and locations of operations to which the insurance applies, and the policies of insurance shall contain a minimum 30 day notice of cancellation or non-renewal.

Section 13 Permits/Licenses.

The Consultant shall obtain any permits or licenses, as may be required for it to complete the Services required under this Agreement.

Section 14 Binding Effect.

14.01 A waiver or indulgence by the Issuer of a breach of any provision of this Agreement by the Consultant shall not operate or be construed as a waiver of any subsequent breach by the Consultant.

14.02 All agreements contained herein are severable and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreements or covenants were not contained herein, and the remaining provisions of this Agreement shall not be affected by such determination and shall remain in full force and effect. This Agreement shall not fail because any part or any clause hereof shall be held indefinite or invalid.

14.03 Each party hereto represents and warrants that this Agreement has been duly authorized and executed by it and constitutes its valid and binding agreement, and that any governmental approvals necessary for the performance of this Agreement have been obtained.

Section 15 Choice of Law.

15.01 The validity, interpretation and construction of this Agreement and of each part hereof shall be governed by the laws of the State of California. Venue for any action concerning this Agreement is Orange County, California.

15.02 Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, with a value or damages claim in excess of $5,000, shall be determined by arbitration in Orange County, California before one arbitrator. The arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS") pursuant to its Comprehensive Arbitration Rules and Procedures. The arbitrator's decision shall be final and binding on all parties, and judgment may be entered in any court of competent jurisdiction. The arbitrator shall award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by the prevailing party in connection with the arbitration.

Section 16 Conflict of Interest and Other Required Disclosures.

Consultant covenants and agrees to provide to the Issuer disclosures of material conflicts of interest and certain legal or disciplinary events required by Municipal Securities Rulemaking Board Rule G-42 (the "Disclosures"). The Disclosures, and each delivery thereof, as provided from time to time, shall be incorporated by reference as of the date thereof into this Agreement to the same extent as if set forth herein. The initial Disclosures are as set forth in Exhibit D to this Agreement.

Section 17 Limitation of Liability.

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER ARISING OUT OF A BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND THE OTHER PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT THAT WHICH MAY ARISE OUT OF A PARTY'S INDEMNIFICATION OBLIGATIONS, THE AGGREGATE LIABILITY FOR EITHER PARTY TO THE OTHER FOR ANY AND ALL CLAIMS OR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY THE ISSUER TO CONSULTANT HEREUNDER FOR THE SERVICES PROVIDED UNDER THIS AGREEMENT DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

IN WITNESS Whereof, the parties have duly executed this Agreement as of the day and year first above set forth.

CITY OF KERMAN
850 S. Madera Avenue
Kerman, CA 93630

By: _____ Title: City Manager
John Jansons

Date: _____

FIELDMAN, ROLAPP & ASSOCIATES, INC.
A California corporation, doing business as **APPLIED BEST PRACTICES**
19900 MacArthur Boulevard, Suite 1100
Irvine, CA 92612

By: _____ Title: Principal
James V. Fabian

Date: August 15, 2025

EXHIBIT A
TO
PROFESSIONAL SERVICES AGREEMENT FOR CONTINUING DISCLOSURE CONSULTING SERVICES
BY AND BETWEEN
THE CITY OF KERMAN
AND
FIELDMAN, ROLAPP & ASSOCIATES, INC. D/B/A APPLIED BEST PRACTICES

Definition of Debt Obligations

The Issuer must inform the Consultant of its intent to include additional Debt Obligations under this Agreement in writing.

	Issuance Name	Annual Filing Deadline	Dated Date	Last CUSIP	Date of Last CUSIP
	Private Placements				
1.	City of Kerman 2020 Lease Financing	N/A	9/10/2020	N/A	N/A
	Lease Revenue Bonds				
1.	Kerman Public Financing Authority 2025 Lease Revenue Bonds	TBD	TBD	TBD	TBD

EXHIBIT B
TO
PROFESSIONAL SERVICES AGREEMENT FOR CONTINUING DISCLOSURE CONSULTING SERVICES
BY AND BETWEEN
THE CITY OF KERMAN
AND
FIELDMAN, ROLAPP & ASSOCIATES, INC. D/B/A APPLIED BEST PRACTICES

Scope of Services

Continuing Disclosure Consulting Services.

1. Annual Report – General Obligation Bonds, Certificates of Participation and Revenue Bonds.

The Consultant shall assume primary responsibility for assisting the Issuer in connection with the preparation and filing of continuing disclosure annual reports, reporting of significant event notices and any other applicable disclosure notices for Issuer in connection with its General Obligation Bonds and Certificates of Participation Disclosure Obligations. Such services shall include, but not limited to:

- Determine the required categories of information and provide a template of tables to complete, list of data to provide and/or questions to be answered in preparation of the continuing disclosure annual report;
- Coordinate and order from outside vendors specific data not accessible to the Issuer, if necessary;
- Determine if previous continuing disclosure filings and material event notices have been disseminated and filed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Dataport (herein, "EMMA");
- Review and supplement any information, in addition to the information required by a continuing disclosure undertaking, which might be necessary;
- Assist the officers or employees of the Issuer designated with responsibility for continuing disclosure to assemble information necessary for the annual report;
- Format or assist in formatting such material into a final form for the continuing disclosure annual reports any other applicable disclosure notices; and
- Submit the continuing disclosure annual report through EMMA and provide a certificate of such submission(s) to the Issuer.

UNDER THIS SERVICE ARRANGEMENT, THE CONSULTANT IS NOT RESPONSIBLE FOR PREPARATION OR CONTENT OF AUDITED FINANCIAL STATEMENTS AND BUDGET REPORTS.

2. Annual Report – Special Tax Bonds.

The Consultant shall assume primary responsibility for assisting the Issuer in connection with the filing of continuing disclosure annual reports, reporting of significant event notices and any other applicable disclosure notices for Issuer in connection with its

Special Tax Bonds Disclosure Obligations. Such services shall include, but not limited to:

- Determine and request from the Issuer the required categories of information and provide a list of data to provide and/or questions to be answered in preparation of the continuing disclosure annual report;
- Determine if previous continuing disclosure filings and material event notices have been disseminated and filed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Dataport (herein, "EMMA");
- Assist the officers or employees of the Issuer designated with responsibility for continuing disclosure to assemble information necessary for the annual report;
- Receive from the Issuer and format or assist in formatting such material into a final form for the continuing disclosure annual reports any other applicable disclosure notices; and
- Submit the continuing disclosure annual report through EMMA and provide a certificate of such submission(s) to the Issuer.

UNDER THIS SERVICE ARRANGEMENT, THE CONSULTANT IS NOT RESPONSIBLE FOR PREPARATION OR CONTENT OF AUDITED FINANCIAL STATEMENTS AND BUDGET REPORTS.

3. Reporting of Significant Event Notices (Rating Changes).

The Consultant will assist the Issuer in connection with the preparation and filing of reporting of significant event notices, including any rating change(s) as necessary in connection with the Securities.

- Consultant shall monitor the market from time-to-time for rating changes pertaining to the Securities and notify the Issuer immediately after its confirmation of rating change(s);
- Upon receipt by the Issuer of such notification, the Issuer shall contact the Consultant and give them authorization to assemble a reporting of significant event notice;
- The Consultant will assist the Issuer in assembling the reporting of significant notice into a final form; and
- Submit or confirm submission of the reporting of significant notices through EMMA and provide a certificate of such submission(s) to the Issuer.

CONSULTANT WILL USE ITS BEST EFFORTS TO MONITOR THE MARKET FOR RATING CHANGES AFFECTING THE SECURITIES, BUT WILL NOT GIVE ASSURANCE OF ITS ABILITY TO ASCERTAIN ANY RATING CHANGE AND WILL NOT BE HELD LIABLE FOR RATING CHANGES WITH RESPECT TO ANY OF THE DEBT OBLIGATIONS WHICH ARE NOT REPORTED.

4. Termination of Reporting Obligation.

The Consultant will assist the Issuer in connection with the preparation and filing of termination of reporting obligation notice as necessary in connection with the full redemption of the Securities. Such services shall include, but not limited to:

- Assist in assembling the termination of reporting obligation notice into a final form; and
- Submit or confirm submission of the termination of reporting obligation notice through EMMA and provide a certificate of such submission(s) to the Issuer.

5. Continuing Disclosure Compliance Review Services.

When requested, the Consultant will assist with the Issuer with reviewing its compliance with such continuing disclosure obligations it has covenanted with respect to the Securities. Such services shall include, but not limited to:

- Identify all of the debt issuances of the Issuer (the "Transactions") outstanding during the last five fiscal years (the "Continuing Disclosure Filing Cycles") with continuing disclosure reporting requirements.
- Obtain electronic copies of the Official Statements for all the Transactions.
- Identify and review continuing disclosure requirements including rating change event notices (including ratings of the Issuer, bond insurers and credit facility providers), for each of the Transactions.
- Research and locate continuing disclosure filings made during Continuing Disclosure Filing Cycles based on the following data sources:
    a. MSRB – EMMA,
    b. Bloomberg LP,
    c. TM3 – Interactive Data.
- For each Transaction, enter information into a worksheet identifying the submittal date of the continuing disclosure filings and the content requirements of the continuing disclosure filings.
- Prepare a report (the "Report"):
- Outline our findings from each worksheet.
- For each rated Transaction, provide a chronological history of all rating changes (including ratings of the Issuer, bond insurers and credit facility providers), whether an event notice was submitted for such rating change and how many days after such event was a notice submitted.
- Provide suggestive make-up filings with regards to continuing disclosure annual reports and/or event notices limited to rating changes (including rating changes of the bond insurer).
- Participate in discussions with the Issuer and others regarding the Report.
- Assist in drafting any required make-up continuing disclosure filings and notices.

6. CDIAC Annual Reporting.

SB 1029 Annual Debt Transparency Reports (ADTR). The Consultant will assist the Issuer in connection with the preparation and filing of CDIAC ADTRs as required by California Senate Bill 1029 and Government Code Section 8855(k). Such services shall include, but are not limited to:

- Determine the Issuer's outstanding debt obligations that require an ADTR filing and obtain the respective CDIAC filing ID number;
- Assist the officers or employees of the Issuer designated with responsibility for continuing disclosure to assemble information necessary for the ADTR;
- Review and supplement any information, in addition to the information required by a ADTR, which might be necessary;
- Format or assist in formatting such material into a final form for the ADTR; and
- Submit the ADTR through CDIAC and provide a certificate of such submission(s) to the Issuer by no later than January 31st of such year(s) an ADTR filing is required.

Marks-Roos Authority and/or Local Obligor Yearly Fiscal Status Report (YFSR). The Consultant will assist the Issuer in connection with the preparation and filing of CDIAC Marks-Roos Authority and/or Local Obligor YFSRs as required by the Marks-Roos Local Bond Pooling Act of 1985, as amended (Section 6584 et seq.) and Government Code Section 6599.1(b). Such services shall include, but are not limited to:

- Determine the Issuer's outstanding debt obligations that require a YFSR filing and obtain the respective CDIAC filing ID number;
- Assist the officers or employees of the Issuer designated with responsibility for continuing disclosure to assemble information necessary for the YFSR;
- Review and supplement any information, in addition to the information required by a YFSR, which might be necessary;
- Format or assist in formatting such material into a final form for the YFSR; and
- Submit the YFSR through CDIAC and provide a certificate of such submission(s) to the Issuer by no later than October 30th of such year(s) a YFSR filing is required.

7. Additional Services

The Issuer may, with the concurrence of the Consultant, expand this Agreement to include any additional services not specifically identified within the terms of this Agreement. Any additional services may be described in an addendum to this Exhibit B and are subject to fees to be negotiated outside of this Agreement.

EXHIBIT C
TO
PROFESSIONAL SERVICES AGREEMENT FOR CONTINUING DISCLOSURE CONSULTING SERVICES
BY AND BETWEEN
THE CITY OF KERMAN
AND
FIELDMAN, ROLAPP & ASSOCIATES, INC. D/B/A APPLIED BEST PRACTICES

Compensation

For services referenced in Exhibit B Sections 1, 2 & 6 of Exhibit B of this Agreement, the Consultant will be compensated at $5,000 five thousand dollars annually.

For services referenced in Exhibit B Sections 3 & 4 of Exhibit B of this Agreement, the Consultant will be compensated at five hundred dollars $500 per notice.

For services referenced in Exhibit B Section 5 of this Agreement, the Consultant will be compensated at five thousand $5,000 per year.

For services referenced in Exhibit B Section 7 of this Agreement, the Consultant will be compensated at hourly rates.

The fees listed above shall increase each January 1st beginning January 1, 2026 by three percent (3.00%). (Annual Adjustment)

The table below reflects the rates in effect as of the date of execution of this Agreement.

Personnel	Hourly Rate
Executive Officer	$427.00
Principal	$417.00
Executive / Senior Vice President	$406.00
Vice President	$346.00
Assistant Vice President	$319.00
Senior Associate	$287.00
Associate	$254.00
Analyst	$141.00
Administrative Assistant	$103.00

Hourly Compensation will be billed on a monthly basis and are due thirty (30) days from invoice date. Invoices not paid within sixty (60) days are subject to a two percent (2.00%) late fee for every month payment is late.
Hourly Rates identified above shall increase by the Annual Inflation Adjustment and rounded to the nearest whole number.

Expenses

Expenses will be billed for separately and will cover, among other things, financial, demographic and/or tax data from outside vendors, travel, over-night courier, and computer and fax transmission charges. Advances made on behalf of the Issuer for costs of preparing, printing, or distributing disclosure materials or related matter whether by postal services or electronic means, may also be billed through to the Issuer upon prior authorization.

EXHIBIT D
TO
PROFESSIONAL SERVICES AGREEMENT FOR CONTINUING DISCLOSURE CONSULTING SERVICES
BY AND BETWEEN
THE CITY OF KERMAN
AND
FIELDMAN, ROLAPP & ASSOCIATES, INC. D/B/A APPLIED BEST PRACTICES

MSRB Rule G-42 requires that municipal advisors provide to their Clients disclosures relating to all material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. With respect to all aspects of the relationship between Consultant and the Issuer, Consultant adheres to its fiduciary duty to the Issuer, which includes a duty of loyalty to the Issuer in performing all municipal advisory activities for the Issuer. The duty of loyalty obligates Consultant to deal honestly and with the utmost good faith with the Issuer and to act in the Issuer's best interest without regard to any interest Consultant has or may have. Consultant has a wide range of Clients, so our success and profitability are not dependent on maximizing short-term revenue generated from individual recommendations to our Issuers but is instead dependent on long-term profitability based on a foundation of integrity, quality and adherence to our fiduciary duty. Furthermore, Consultant's supervisory structure provides strong safeguards against individual representatives of Consultant violating their duty due to personal interests.

Consultant makes the following representations to the Issuer with regard to the Services:

A. Other than the compensation described in the Agreement, we have no other interest, direct or indirect, that would interfere with or impair in any matter or degree the performance of our obligations. During our work on the Services, we do not intend to acquire or obtain any such interest, direct or indirect. If any such interest is acquired or obtained, we will immediately advise the Issuer.

B. We have not provided any gift or consideration to any officer, employee or agent of the Issuer to either obtain the Agreement or any assignment from the Issuer, including the Services. Neither our firm, nor its officers or employees will provide any such gift or consideration to any officer, employee or agent of the Issuer to influence decisions with regard the Services or our obligations under the Agreement.

C. The Issuer has employed or may employ Fieldman, Rolapp & Associates, Inc. ("FRA") with regard to the provision of municipal financial advisory services. This relationship has the potential to result in a conflict of interest by creating an incentive for Consultant to recommend to the Issuer a course of action that would increase the Issuer's other business activity with FRA or conversely that would discourage a course of action that would decrease the Issuer's business activity with FRA. The conflict is mitigated by Consultant's fiduciary duty to the Issuer. Moreover, if Consultant makes a recommendation that could influence

the level of business with FRA, Consultant will consider alternatives to the recommendation, which will be disclosed to the Issuer.

C. At the present time, Consultant has determined, after exercising reasonable diligence, that it has no known material conflicts of interest that would impair its ability to provide advice in accordance with its fiduciary duty to municipal entity Issuers such as the Issuer. To the extent any such material conflicts of interest arise after the date of this disclosure, Consultant will provide information with respect to such conflicts.

Information Regarding Legal Events and Disciplinary Actions

MSRB Rule G-42 requires that municipal advisors provide their Clients disclosures of legal or disciplinary events material to the evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Consultant sets out required disclosures and related information below:

A. In 2023, the U.S. Securities and Exchange Commission (the "SEC") accepted offers of settlement from Fieldman and a principal (the "Settlement"). Neither the firm nor the principal admitted or denied the findings described in the Settlement. For more information about the Settlement, please review the Regulatory Action Disclosure included in Fieldman's Form MA and Form MA-I for the principal (which is cross-referenced in Form MA). There are no other legal or disciplinary events material to the Client's evaluation of Fieldman or the integrity of Fieldman's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I with the SEC. There has been no other material change or addition to the legal or disciplinary event disclosures on any Form MA or MA-I filed with the SEC.

Consultant's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at:
http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001612429

Contents of Client Brochure

The MSRB requires us to provide you with the following information: Consultant is registered as a "Municipal Advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the Securities and Exchange Commission and the MSRB.

The MSRB has made available on its website (www.msrb.org) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

STAFF REPORT

MEETING DATE: August 27, 2025

PRESENTER: Jesus A. Gonzalez, City Engineer

SUBJECT: Resolution Approving Final Map, Subdivision Agreement, Right-to-Farm Covenant, Landscape and Lighting District Covenant and Accepting Dedication of Right-of-Way for Public Street and Utility Purposes for Vesting Tract Map No. 6447 (JG)

RECOMMENDATION: Council by motion adopt resolution pertaining to Tract No. 6447 as follows:

1. Approving Final Map and Subdivision Agreement
2. Approving Covenant Acknowledging Right To Farm Law
3. Approving Covenant Accepting Annexation into Landscape and Lighting District No. 1
4. Accepting Dedication of Right-of-Way for Public Street and Utility Purposes
5. Authorizing the Mayor and City Manager to sign the Subdivision Agreement and Covenants as appropriate.

EXECUTIVE SUMMARY:

Joseph Crown Construction and Development, Inc. (Crown), submitted Vesting Tentative Subdivision Map 2023-02 (VTM 2023-02), proposing to subdivide approximately 29 acres located on the north side of Kearney Boulevard, approximately 1,000 feet west of Siskiyou Avenue. VTM 2023-02 consists of one hundred and sixty-three (163) single-family residential lots and one (1) outlot for future development of a domestic water well. VTM 2023-02 was approved by the Planning Commission on July 15, 2024 and City Council on September 25, 2024.

In the time since approval of VTM 2023-02, Crown has submitted Final Map No. 6447 (FM 6447) improvement plans, and required technical documents for the subdivision as well undergone the Fresno Local Agency Formation Commission's annexation process for expanding the City limits to encompass the development. The final map and plans have been reviewed and deemed technically correct by City Staff.

In order for the final map to be approved and subsequently recorded, Crown is required to enter into a subdivision agreement with the City. The subdivision agreement requires Crown to post improvement and warranty securities in favor of the City, as required by Government Code Section 66462, to ensure completion of the improvements. The basis for these securities is the total estimated cost for all improvements required to be completed by the developer to satisfy the conditions of approval for the tentative map.

In addition, the subdivision agreement specifies the development impact fees to be paid by Crown and the timing of collection by the City as well as stipulates fair share costs for improvements outside of the development impact fees program. Substantial completion (i.e. all utilities completed and tested, streets paved, street lighting installed, and any other improvements necessary to protect public health, safety, and welfare) of the improvements is required by March 1, 2026. No certificates of occupancy for homes within the subdivision will be granted until the improvements are deemed substantially complete by the City Engineer.

A policy of the City of Kerman is to preserve, protect, and encourage development of its agricultural land and industries. Consistent with its policy, FM 6447 is subject to conditions of approval for recordation of a Right-to-Farm covenant. The covenant ensures FM 6447 is not developed, used, or maintained in such a way as to adversely affect adjoining properties. Additionally, it serves as disclosure of inconveniences and discomforts resulting from normal farming activities affecting properties adjoining FM 6447. Approval of the covenant will result in its recordation for running parallel with parcels resulting from FM 6447.

FM 6447 is subject to conditions of approval for installation of streetlights, landscaping and irrigation (improvements) in public right-of-way. The City's Landscaping and Lighting District (LLD) No. 1 maintains said improvements and pays for electrical costs related to their operations. As such, the conditions of approval also require Crown to annex the subdivision into LLD No. 1. The LLD annexation underwent an initiation process, approved by Council on June 11, 2025, for establishing improvements maintenance costs to each lot within FM 6447. On June 25, 2025 a public hearing was held, confirming the costs and ordering FM 6447 annexation into LLD No. 1. FM 6447 is subject to a condition of approval for recordation of a LLD covenant. The covenant ensures FM 6447 is annexed into LLD No. 1 per the LLD annexation process, and serves as disclosure to future buyers of said requirements. Approval of the covenant will result in its recordation for running parallel with FM 6447.

FISCAL IMPACT:

Permit fees were collected at the time of issuance of a grading permit. Development impact fees due for each residential unit constructed will be collected at the date of issuance of certificate of occupancy for each unit. Since VTM 2023-02 was approved as a Vesting Tentative Subdivision Map, development impact fees will be paid at the rate in effect at the time of approval (September 2024). If all development impact fees are not paid within two years of the date the final map is recorded, then those outstanding fees will have to be paid at the rate in effect at the time of collection.

ATTACHMENTS:

A. Resolution
B. Final Map No. 6447

Attachment 'A'

RESOLUTION NO. 25-____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN, CALIFORNIA, APPROVING FINAL MAP, SUBDIVISION AGREEMENT, RIGHT-TO-FARM COVENANT, LANDSCAPE AND LIGHTING DISTRICT COVENANT AND ACCEPTING DEDICATION OF RIGHT-OF-WAY FOR PUBLIC STREET AND UTILITY PURPOSES FOR VESTING TENTATIVE SUBDIVISION MAP 2023-02 (TRACT NO. 6447)

WHEREAS, Vesting Tentative Subdivision Map No. 2023-02, was approved by the Planning Commission on July 15, 2024, and the City Council on September 25, 2024; and

WHEREAS, Joseph Crown Construction and Development, Inc. ("Owner") has submitted an application for a Final Map for Tract No. 6447; and

WHEREAS, all the certificates which appear on the map (except the approval certificate of the City Council of the City of Kerman and the recording certificate of the Recorder of the County of Fresno) have been signed and acknowledged; and

WHEREAS, the City Council has considered the application for Final Map for Tract No. 6447 under the Subdivision Map Act, Subdivision Ordinance of the City of Kerman, and proofs and evidence offered including the recommendations of the City Engineer, the City Surveyor, the Community Development Director, and the City Planning Commission; and

WHEREAS, the City Council has found that the proposed subdivision together with provisions for its design and improvement, is consistent with the General Plan of the City of Kerman and that none of the grounds for denial set forth in subdivisions (a) through (g) of Section 66474 of the Government Code exist with respect to said subdivision; and

WHEREAS, Owner whose signatures appear on the map have offered for dedication certain streets and public utility easements as shown and delineated on said map; and

WHEREAS, a Subdivision Agreement is necessary for assurance of improvements construction completion and collection of applicable development impact fees; and

WHEREAS, a Right-to-Farm covenant is necessary for assurance development use and maintenance does not adversely affect adjoining properties and serving as disclosure to future buyers of inconveniences and discomforts resulting from normal farming activities affecting properties adjoining the development; and

WHEREAS, a landscaping and lighting district (LLD) covenant is necessary for annexing the development into LLD No. 1 and carrying with it requirements of the annexation process and serving as disclosure future buyers of said requirements; and

WHEREAS, acceptance of right-of-way dedication is necessary for construction and future maintenance of Kearney Boulevard improvements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KERMAN RESOLVES AS FOLLOWS:

1. The Council finds that the map is in substantial compliance with said vesting tentative map, any deviations therefrom being deemed to be approved by the Council.

2. The Final Map for Tract No. 6447, consisting of four (4) sheets, a copy of which is on file with the City Clerk, is hereby approved and the City Clerk is authorized and directed to provide for the recording of said Final Map subject to requirements set forth in the Subdivision Agreement for Final Map of Tract No. 6447 ("Subdivision Agreement").

3. The offers of dedication of easements for public use made on the Final Map for Tract No. 6447 are hereby accepted on behalf of the public unless it is stated on the Final Map that said dedications are subject to acceptance of Owner installed public improvements, subject to complete compliance with Government Code Sections 66492 and 66493 of the Subdivision Map Act prior to release of the map for recordation.

4. The Subdivision Agreement between the City of Kerman and Joseph Crown Construction and Development, Inc., a copy of which is attached hereto as **Exhibit '1'**, is hereby approved and the City Manager is authorized to sign said Agreement.

5. The Right-to-Farm covenant between the City of Kerman and Joseph Crown Construction and Development, Inc., a copy of which is attached hereto as **Exhibit '2'**, is hereby approved and the City Manager is authorized to sign said Agreement.

6. The landscaping and lighting district covenant between the City of Kerman and Joseph Crown Construction and Development, Inc., a copy of which is attached hereto as **Exhibit '3'**, is hereby approved and the City Manager is authorized to sign said Agreement.

(Certification on following page)

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Kerman held on the 27th day of August, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
City Clerk

FINAL MAP OF
TRACT NO. 6447

OF VESTING TENTATIVE MAP NO. 6447

IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA
SURVEYED AND PLATTED IN JANUARY 2023, BY LANDDESIGN CONSULTING

CONSISTING OF FOUR SHEETS
SHEET ONE OF FOUR SHEETS

RECORD TITLE INTEREST STATEMENT

THE UNDERSIGNED, BEING ALL PARTIES HAVING ANY RECORD TITLE INTEREST IN THE LAND WITHIN THIS SUBDIVISION, HEREBY CONSENT TO THE PREPARATION AND RECORDATION OF THIS MAP AND OFFER FOR DEDICATION FOR PUBLIC USE THE EASEMENTS SPECIFIED ON SAID MAP AS INTENDED FOR PUBLIC USE FOR THE PURPOSES SPECIFIED THEREIN.

JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC., A CALIFORNIA CORPORATION

BY: _____ _____

JOSEPH DONALD CROWN, PRESIDENT DATE

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON _____, BEFORE ME, _____, NOTARY PUBLIC, PERSONALLY APPEARED _____, WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE _____

NAME _____

COUNTY OF _____

MY COMMISSION EXPIRES _____

MY COMMISSION NUMBER _____

RIGHT–TO–FARM STATEMENT

THIS MAP PROVIDES NOTICE TO EACH PURCHASER THAT THERE ARE PRE–EXISTING AGRICULTURAL OPERATIONS ON ADJACENT OR NEIGHBORING PARCELS, AND THAT THESE AGRICULTURAL OPERATIONS MAY EMIT NOISE, DUST, ODOR, AND MAY OCCASIONALLY USE FERTILIZERS, PESTICIDES AND HERBICIDES IN THE NORMAL PURSUIT OF AGRICULTURAL OPERATIONS. PURCHASERS OR RESIDENTS OF THIS SUBDIVISION SHALL NOT HAVE THE RIGHT TO LODGE COMPLAINTS FOR DUST, NOISE, ODOR, OR OTHER DESCRIPTIONS ASSOCIATED WITH THE TRADITIONAL AGRICULTURAL OPERATIONS SO LONG AS THOSE OPERATIONS ARE CONDUCTED IN ACCORDANCE WITH THE REGULATIONS, RULES AND GUIDELINES OF THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA, AND THE UNITED STATES OF AMERICA.

SOILS CERTIFICATE

A SOILS REPORT WAS PREPARED FOR THIS MAP BY SEE'S CONSULTING & TESTING INC., AND SIGNED BY DAVID L. SHAW, RCE C88890 AND DATED APRIL 16, 2024, SAID REPORT HAS BEEN PLACED ON FILE WITH THE CITY OF KERMAN.

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOTS 5, 6, 7, 8, AND THE EAST QUARTER OF LOTS 25, 26, 27, AND 28 OF THE FRESNO IRRIGATED FARMS COMPANY TRACT, RECORDED IN BOOK 8, PAGE 1 OF RECORD OF SURVEYS, FRESNO COUNTY RECORDS, ALSO BEING WITHIN THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 14 SOUTH, RANGE 17 EAST, MOUNT DIABLO BASE AND MERIDIAN:

EXCEPTING THEREFROM THAT PORTION LYING EAST OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 11; THENCE SOUTH 89°52'32" WEST, ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 660.73 FEET; THENCE NORTH 0°07'28" WEST, A DISTANCE OF 20.00 FEET TO THE SOUTH LINE OF SAID LOT 8 AND THE POINT OF BEGINNING; THENCE CONTINUING NORTH 0°07'28" WEST, A DISTANCE OF 1299.53 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 5 SAID POINT BEING 680.22 FEET WESTERLY ALONG SAID NORTH LINE AND PROLONGATION THEREOF FROM THE EAST LINE OF SAID NORTHEAST QUARTER OF SECTION 11, AND ALSO BEING THE POINT OF TERMINATION.

ALSO EXCEPTING THEREFROM ALL OIL, GAS AND OTHER HYDROCARBONS SUBSTANCES IN AND UNDER SAID LAND AS RECORDED IN DEED RECORDED FEBRUARY 26, 1947 IN BOOK 2501, PAGE 160 AS INSTRUMENT NO. 11347 OF OFFICIAL RECORDS FRESNO COUNTY.

THIS PROPERTY IS SUBJECT TO THE FOLLOWING

1. RIGHTS OF WAY FOR ROADS AND DITCHES AS SHOWN ON THE MAP REFERRED TO AND RIGHT OF WAY FOR ALL GRANTED AND/OR LAWFULLY ESTABLISHED ROADS AND WATER DITCHES LOCATED ON SAID PROPERTY.
2. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER MATTERS SHOWN ON RECORD OF SURVEY, BOOK 8, PAGE 1, RECORDED JUNE 24, 1912.
3. EXCEPTIONS, RESERVATIONS, RESTRICTIONS, CONDITIONS AND EASEMENTS CONTAINED IN THE DEED FROM WM G. KERCKHOFF COMPANY RECORDED FEBRUARY 26, 1947 IN BOOK 2501, PAGE 160 AS DOCUMENT NO. 11347 OF OFFICIAL RECORDS FRESNO COUNTY.
4. GRANT OF EASEMENT DATED MARCH 29, 1984, EXECUTED BY MARTHA LARA AND LEOPOLD LARA AND FRESNO IRRIGATION DISTRICT, A PUBLIC CORPORATION RECORDING DATE: JUNE 1, 1984 RECORDING NO. 84053051 OF OFFICIAL RECORDS FRESNO COUNTY.
5. MATTERS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "CERTIFICATE OF COMPLIANCE" DATED MAY 5, 2000, EXECUTED BY COUNTY OF FRESNO RECORDED MAY 10, 2000, INSTRUMENT NO. 20000056390, OF OFFICIAL RECORDS, WHICH DOCUMENT, AMONG OTHER THINGS, CONTAINS OR PROVIDES FOR: THE PROPERTY DESCRIBED HEREIN CONSTITUTES A SINGLE PARCEL FOR SALE, LEASE OR FINANCING.
6. A COVENANT AND AGREEMENT ENTITLED "RIGHT TO FARM" EXECUTED BY H. S. DEVELOPMENT COMPANY, SISKIYOU CUSTOM INC., COVINGTON PROPERTY HOLDINGS LP, A CALIFORNIA LIMITED PARTNERSHIP IN FAVOR OF CITY OF KERMAN RECORDED FEBRUARY 22, 2006, DOC. NO. 20060037893, OF OFFICIAL RECORDS FRESNO COUNTY.
7. CITY OF KERMAN SUBDIVISION AGREEMENT FOR THE FINAL MAP OF TRACT NO. 6447 RECORDED _____AS DOCUMENT NUMBER 2025–_____, OFFICIAL RECORDS FRESNO COUNTY.
8. COVENANT REGARDING LAND DEVELOPMENT FOR THE FINAL MAP OF TRACT NO. 6447, "RIGHT–TO–FARM COVENANT AFFECTING LAND DEVELOPMENT TRACT NO. 6447" RECORDED _____,2025 AS DOCUMENT NUMBER NO. 2025–_____OFFICIAL RECORDS FRESNO COUNTY.
9. COVENANT REGARDING LAND DEVELOPMENT FOR THE FINAL MAP OF TRACT NO. 6447, "LIGHTING AND LANDSCAPE MAINTENANCE ANNEXATION TO DISTRICT NO. 1 COVENANT AFFECTING LAND DEVELOPMENT TRACT NO. 6447" RECORDED _____,2025 AS DOCUMENT NUMBER NO. 2025– _____ OFFICIAL RECORDS FRESNO COUNTY.

F.I.D. CERTIFICATE

A SEPARATE CONSENT TO FINAL MAP PURSUANT TO GOVERNMENT CODE SECTION 66435.1 FOR TRACT MAP NO. 6447, HAS BEEN EXECUTED BY THE FRESNO IRRIGATION DISTRICT, AS RECORDED _____, 2025 AS DOCUMENT NO. 2025–_____, FRESNO COUNTY RECORDS.

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT INC. ON MAY 10, 2022. I HEREBY STATE THAT ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OF THAT THEY WILL BE SET IN THOSE POSITIONS BEFORE DECEMBER 31, 2025, AND THAT THE MONUMENTS ARE OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP.

_____ _____

RUBEN APARICIO, LS 8026 DATE

CITY ENGINEER'S STATEMENT:

I, JESUS A. GONZALEZ, CITY ENGINEER FOR THE CITY OF KERMAN, DO HEREBY STATE THAT I HAVE EXAMINED THIS MAP, THAT THE SUBDIVISION SHOWN IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE APPROVED TENTATIVE MAP, AND ANY APPROVED ALTERATIONS THEREOF, THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH.

CITY ENGINEER OF THE CITY OF KERMAN

DATED THIS _____ DAY OF _____, 20___.

_____

JESUS A. GONZALEZ, R.C.E. 78084

CITY LAND SURVEYOR'S STATEMENT:

I, HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND THAT I AM SATISFIED THAT THE MAP IS TECHNICALLY CORRECT.

DATED THIS _____DAY OF _____, 20___.

_____

DAVID C. HORN L.S. 8204

COMMUNITY DEVELOPMENT DIRECTOR STATEMENT:

I HEREBY CERTIFY THAT THIS MAP SUBSTANTIALLY CONFORMS TO THE TENTATIVE MAP AS CONDITIONALLY APPROVED BY THE PLANNING COMMISSION ON JULY 15, 2024.

_____ _____

JERRY JONES DATE
COMMUNITY DEVELOPMENT DIRECTOR

CITY CLERK'S CERTIFICATE:

I, HEREBY CERTIFY THAT THE COUNCIL OF THE CITY OF KERMAN, BY RESOLUTION NO. _____ ADOPTED ON _____, _____, APPROVED THE WITHIN MAP AND ACCEPTED ON BEHALF OF THE PUBLIC ALL PARCELS OF LAND AND EASEMENTS OFFERED FOR DEDICATION FOR PUBLIC USE IN CONFORMITY WITH THE TERMS OF THE OFFER OF DEDICATION AND APPROVED THE ABANDONMENT OF THOSE PUBLIC STREETS AND/OR PUBLIC EASEMENTS NOT SHOWN ON THE MAP AND NOTED AS ABANDONED BY THE FILING OF THE MAP.

DATED THIS ____ DAY OF _____, _____.

BY: _____
JOSIE CAMACHO – CITY CLERK

COUNTY RECORDER'S CERTIFICATE:

DOCUMENT NO. _____ FEE $ _____

FILED THIS _____ DAY OF _____, 20___.

AT _____.M. IN VOLUME _____ OF PLATS, AT PAGES _____TO_____ ,

F.C.R., AT THE REQUEST OF FIDELITY NATIONAL TITLE COMPANY.

FRESNO COUNTY RECORDS
PAUL DICTOS, C.P.A., RECORDER

BY: _____
DEPUTY

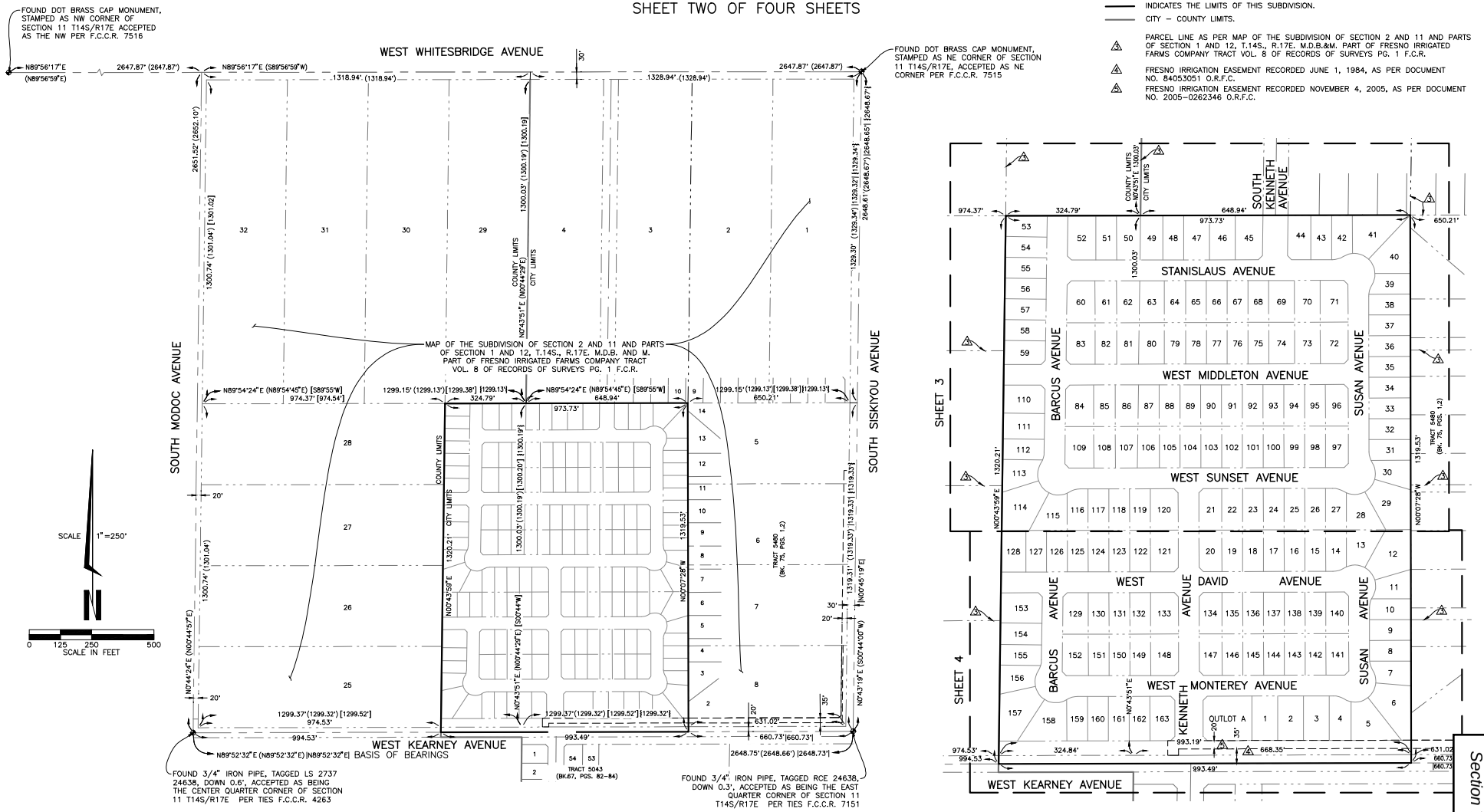
DRAWING: S:\2022\LDC2200A\Survey\Record Data\Maps\22004_FM.dwg\Layout1 - LDC-Civil.ctb
PLOT BY: Julia Jun 30, 2025 - 2:09pm

FINAL MAP OF
TRACT NO. 6447

OF VESTING TENTATIVE MAP NO. 6447

IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA
SURVEYED AND PLATTED IN JANUARY 2023, BY LANDDESIGN CONSULTING

CONSISTING OF FOUR SHEETS
SHEET TWO OF FOUR SHEETS



LEGEND:

- INDICATES THE LIMITS OF THIS SUBDIVISION.
- CITY – COUNTY LIMITS.
- (1) PARCEL LINE AS PER MAP OF THE SUBDIVISION OF SECTION 2 AND 11 AND PARTS OF SECTION 1 AND 12, T.14S., R.17E. M.D.B.&M. PART OF FRESNO IRRIGATED FARMS COMPANY TRACT VOL. 8 OF RECORDS OF SURVEYS PG. 1 F.C.R.
- (2) FRESNO IRRIGATION EASEMENT RECORDED JUNE 1, 1984, AS PER DOCUMENT NO. 84053051 O.R.F.C.
- (3) FRESNO IRRIGATION EASEMENT RECORDED NOVEMBER 4, 2005, AS PER DOCUMENT NO. 2005-0262346 O.R.F.C.

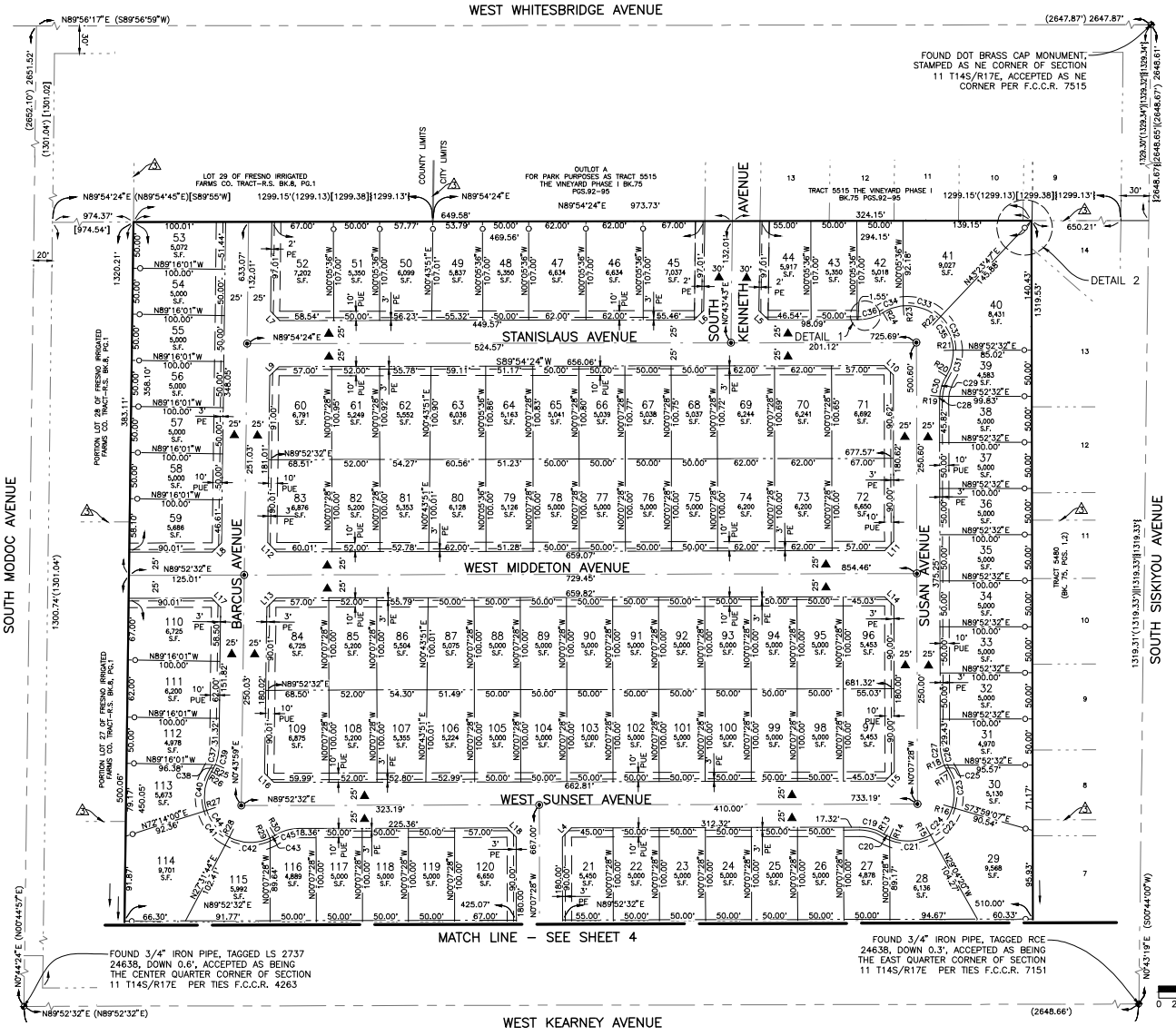
DRAWING: S:\2022\LDC2200A\Survey\Record Data\Maps\220004_FM.dwg\Layout2 - LDC-Civil.ctb
PLOT BY: Julia Jun 30, 2023 - 2:09pm

FINAL MAP OF TRACT NO. 6447

OF VESTING TENTATIVE MAP NO. 6447

IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA
SURVEYED AND PLATTED IN JANUARY 2023, BY LANDDESIGN CONSULTING

CONSISTING OF FOUR SHEETS
SHEET THREE OF FOUR SHEETS



BASIS OF BEARINGS

THE SOUTH LINE OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 14 SOUTH, RANGE 17 EAST, MOUNT DIABLO BASE & MERIDIAN, TAKEN TO BE N89°52'32"E PER MAP OF TRACT NO. 5677, DOCUMENT NO. 2007–0156156, BOOK 79 OF PLATS, PAGES 80–82

NOTES

1. SET 3/4" IRON PIPE, 30" LONG, 6" DOWN BELOW GROUND, TAGGED PLS 8026 AT ALL LOT CORNERS AND ANGLE POINTS.

LEGEND:

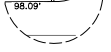
- ● MONUMENT FOUND AND ACCEPTED AS NOTED.
- ○ SET 3/4" IRON PIPE, 30" LONG, WITNESS CORNER ON SIDEYARD OF PROPERTY LINE, 3' FROM TRUE LOT CORNER, TAGGED PLS 8026.
- ◉ SET BRASS CAP FLUSH IN CONCRETE, STAMPED PLS 8026, TO BE SET AT ALL CENTERLINE INTERSECTION POSITIONS.
- ▲▲▲▲ INDICATES RELINQUISHMENT OF DIRECT ACCESS RIGHTS.
- ① RIGHT OF WAY PER DOC. NO. 84053051 RECORDED JUNE 1, 1984 O.R.F.C.
- ② PREVIOUSLY DEDICATED FOR PUBLIC ROAD PURPOSES PER MAP OF THE SUBDIVISION OF SECTION 2 AND 11 AND PARTS OF SECTION 1 AND 12, T.14S., R.17E. M.D.B. AND M. PART OF FRESNO IRRIGATED FARMS COMPANY TRACT VOL. 8 OF RECORDS OF SURVEYS PG. 1 F.C.R.
- ③ PARCEL LINE AS PER MAP OF THE SUBDIVISION OF SECTION 2 AND 11 AND PARTS OF SECTION 1 AND 12, T.14S., R.17E. M.D.B.&M. PART OF FRESNO IRRIGATED FARMS COMPANY TRACT VOL. 8 OF RECORDS OF SURVEYS PG. 1 F.C.R.
- ④ FRESNO IRRIGATION EASEMENT RECORDED JUNE 1, 1984, AS PER DOCUMENT NO. 84053051 O.R.F.C.
- ⑤ FRESNO IRRIGATION EASEMENT RECORDED NOVEMBER 4, 2005, AS PER DOCUMENT NO. 2005–0262346 O.R.F.C.
- ( ) RECORD DATA PER MAP OF TRACT NO. 5677, DOCUMENT NO. 2007–0156156, BOOK 79 OF PLATS, PAGES 80–82 F.C.R.
- [ ] RECORD DATA PER RECORD OF SURVEY RECORDED IN BOOK 8 AT PAGE 1 OF RECORD OF SURVEYS, F.C.R.
- | | RECORD DATA PER MAP OF TRACT NO. 5480, DOCUMENT NO. 2006–0052427, BOOK 75 OF PLATS, PAGES 1–2 F.C.R.
- ⦃ ⦄ RECORD DATA PER MAP OF TRACT NO. 5515, DOCUMENT NO. 2006–0122974, BOOK 75 OF PLATS, PAGES 92–95 F.C.R.
- DOT DEPARTMENT OF TRANSPORTATION
- F.C.R. FRESNO COUNTY RECORDS.
- F.C.C.R. FRESNO COUNTY CORNER RECORDS.
- O.R.F.C. OFFICIAL RECORDS FRESNO COUNTY
- INDICATES THE LIMITS OF THIS SUBDIVISION.
- CITY – COUNTY LIMITS.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES:

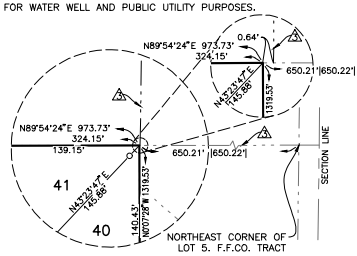
- ▲ NOW OFFERED FOR DEDICATION FOR PUBLIC STREET AND UTILITY EASEMENT PURPOSES.
- ▲ NOW OFFERED FOR DEDICATION FOR PUBLIC STREET PURPOSES SUBJECT TO FID EASEMENT PER DOCUMENT NO. 2005–0262346 O.R.F.C.
- PUE NOW OFFERED FOR PUBLIC UTILITY EASEMENT PURPOSES.
- PE NOW OFFERED FOR PEDESTRIAN EASEMENT PURPOSES.
- LE NOW OFFERED FOR LANDSCAPE EASEMENT PURPOSES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED IN FEE TO CITY OF KERMAN:

OUTLOT 'A' IS FOR WATER WELL AND PUBLIC UTILITY PURPOSES.



DETAIL 1



NORTHEAST CORNER OF LOT 5. F.F.CO. TRACT

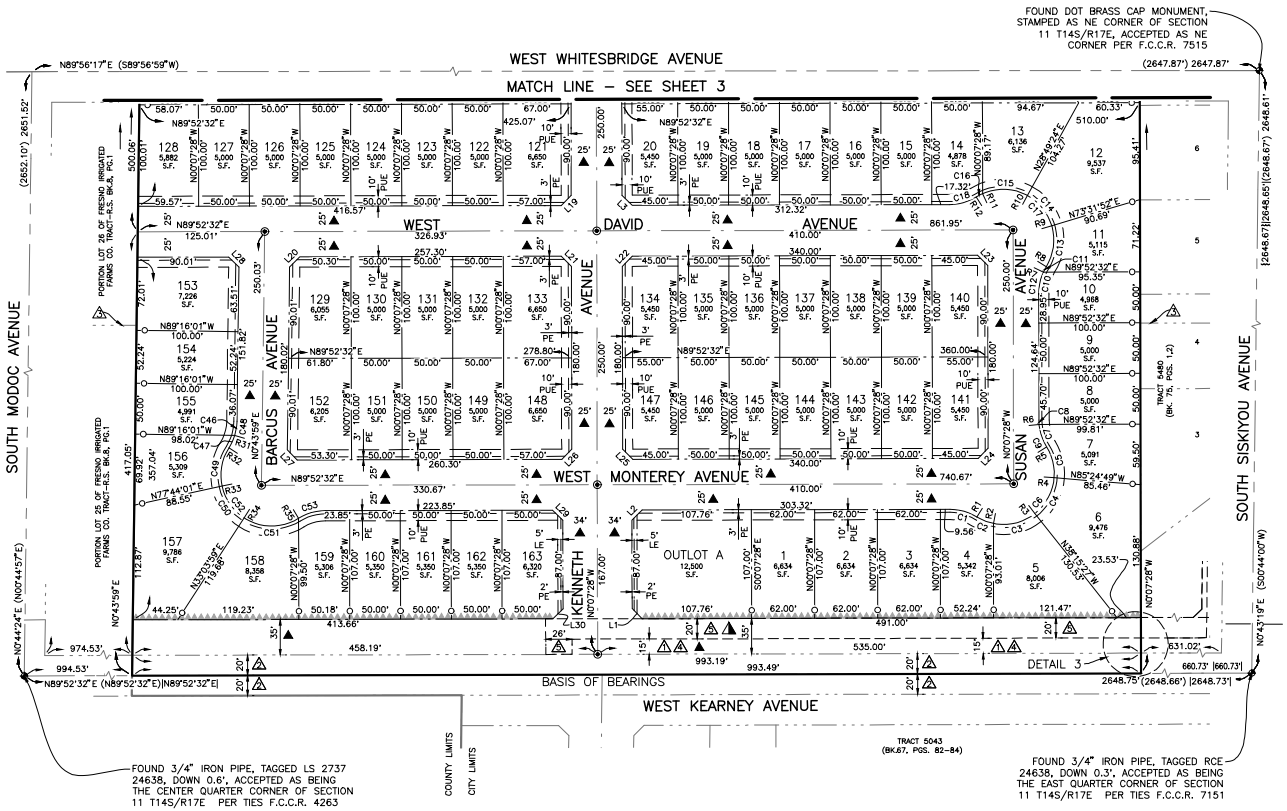
DETAIL 2

FINAL MAP OF
TRACT NO. 6447

OF VESTING TENTATIVE MAP NO. 6447

IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA
SURVEYED AND PLATTED IN JANUARY 2023, BY LANDDESIGN CONSULTING

CONSISTING OF FOUR SHEETS
SHEET FOUR OF FOUR SHEETS



CURVE TABLE

CURVE TABLE				
CURVE #	LENGTH	RADIUS	DELTA	TANGENT
C1	27.74'	50.00'	31°47'18"	14.24'
C2	17.67'	50.00'	20°15'07"	8.93'
C3	43.34'	50.00'	49°40'09"	23.14'
C4	41.15'	50.00'	47°09'23"	21.82'
C5	31.85'	50.00'	36°29'57"	16.49'
C6	134.02'	50.00'	153°34'36"	212.98'
C7	23.43'	50.00'	26°51'02"	11.94'
C8	4.31'	50.00'	4°56'16"	2.16'
C9	27.74'	50.00'	31°47'18"	14.24'
C10	21.73'	50.00'	24°54'05"	11.04'
C11	6.01'	50.00'	6°53'13"	3.01'
C12	27.74'	50.00'	31°47'18"	14.24'
C13	42.00'	50.00'	48°07'58"	22.33'
C14	39.02'	50.00'	44°42'29"	20.56'
C15	45.84'	50.00'	52°31'34"	24.67'
C16	7.16'	50.00'	8°12'36"	3.59'
C17	134.02'	50.00'	153°34'36"	212.98'
C18	27.74'	50.00'	31°47'18"	14.24'
C19	27.74'	50.00'	31°47'18"	14.24'
C20	7.16'	50.00'	8°12'34"	3.59'

CURVE TABLE				
CURVE #	LENGTH	RADIUS	DELTA	TANGENT
C21	45.84'	50.00'	52°31'36"	24.67'
C22	39.19'	50.00'	44°54'47"	20.67'
C23	41.82'	50.00'	47°55'39"	22.22'
C24	134.02'	50.00'	153°34'36"	212.98'
C25	6.54'	50.00'	7°29'29"	3.27'
C26	21.20'	50.00'	24°17'49"	10.76'
C27	27.74'	50.00'	31°47'18"	14.24'
C28	4.18'	50.00'	4°47'27"	2.09'
C29	23.56'	50.00'	26°59'51"	12.00'
C30	27.74'	50.00'	31°47'18"	14.24'
C31	29.24'	50.00'	33°30'17"	15.05'
C32	38.90'	50.00'	44°34'53"	20.50'
C33	42.34'	50.00'	48°31'04"	22.53'
C34	23.51'	50.00'	26°56'30"	11.98'
C35	133.99'	50.00'	153°32'44"	212.72'
C36	27.74'	50.00'	31°47'18"	14.24'
C37	19.14'	50.00'	21°55'55"	9.69'
C38	8.60'	50.00'	9°51'23"	4.31'
C39	27.74'	50.00'	31°47'18"	14.24'
C40	43.88'	50.00'	50°17'17"	23.47'

CURVE TABLE				
CURVE #	LENGTH	RADIUS	DELTA	TANGENT
C41	39.01'	50.00'	44°42'16"	20.56'
C42	45.85'	50.00'	52°32'10"	24.68'
C43	6.03'	50.00'	6°54'20"	3.02'
C44	134.77'	50.00'	154°26'04"	220.38'
C45	27.74'	50.00'	31°47'18"	14.24'
C46	14.11'	50.00'	16°10'16"	7.10'
C47	13.63'	50.00'	15°37'02"	6.86'
C48	27.74'	50.00'	31°47'18"	14.24'
C49	39.08'	50.00'	44°47'16"	20.60'
C50	38.98'	50.00'	44°40'03"	20.54'
C51	56.71'	50.00'	64°58'45"	31.84'
C52	134.77'	50.00'	154°26'04"	220.38'
C53	27.74'	50.00'	31°47'18"	14.24'

LINE TABLE

LINE TABLE		
LINE #	LENGTH	BEARING
L1	14.14'	N45° 07' 28"W
L2	14.14'	N44° 52' 32"E
L3	14.14'	N45° 07' 28"W
L4	14.14'	N44° 52' 32"E
L5	14.04'	N44° 40' 56"W
L6	14.24'	N45° 19' 04"E
L7	14.04'	N44° 40' 48"W
L8	14.25'	N45° 18' 15"E
L9	14.24'	N45° 19' 12"E
L10	14.15'	N45° 06' 32"W
L11	14.14'	N44° 52' 32"E
L12	14.04'	N44° 41' 45"W

LINE TABLE		
LINE #	LENGTH	BEARING
L13	14.25'	N45° 18' 15"E
L14	14.14'	N45° 07' 28"W
L15	14.14'	N44° 52' 32"E
L16	14.04'	N44° 41' 45"W
L17	14.04'	N44° 41' 45"W
L18	14.14'	N45° 07' 28"W
L19	14.14'	N44° 52' 32"E
L20	14.25'	N45° 18' 15"E
L21	14.14'	N45° 07' 28"W
L22	14.14'	N44° 52' 32"E
L23	14.14'	N45° 07' 28"W
L24	14.14'	N44° 52' 32"E

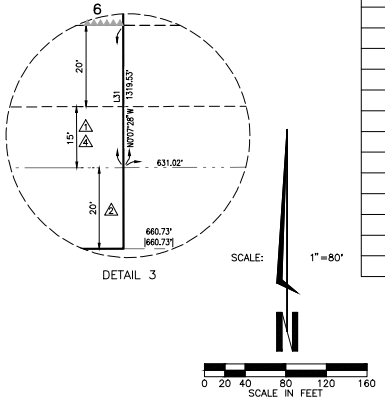
LINE TABLE		
LINE #	LENGTH	BEARING
L25	14.14'	N45° 07' 28"W
L26	14.14'	N44° 52' 32"E
L27	14.04'	N44° 41' 45"W
L28	14.04'	N44° 41' 45"W
L29	14.14'	N45° 07' 28"W
L30	14.14'	N44° 52' 32"E
L31	35.00'	S0° 07' 28"E

RADIAL TABLE

RADIAL TABLE	
RADIAL #	DIRECTION
R1	S31° 39' 50"W
R2	S11° 24' 43"W
R3	N38° 15' 27"W
R4	N85° 24' 49"W
R5	S58° 05' 14"W
R6	S84° 56' 16"W
R7	N65° 13' 23"W
R8	N58° 20' 10"W
R9	N73° 31' 52"E
R10	S28° 49' 24"W
R11	N23° 42' 10"W
R12	N31° 54' 46"W

RADIAL TABLE	
RADIAL #	DIRECTION
R13	N31° 39' 50"E
R14	S23° 27' 16"W
R15	S29° 04' 20"E
R16	N73° 59' 07"W
R17	S58° 05' 14"W
R18	S65° 34' 43"W
R19	N85° 20' 01"W
R20	N58° 20' 10"W
R21	S88° 09' 33"W
R22	S43° 34' 40"W
R23	S4° 56' 24"E
R24	S31° 52' 54"E

RADIAL TABLE	
RADIAL #	DIRECTION
R25	S67° 20' 05"E
R26	S57° 28' 43"E
R27	N72° 14' 00"E
R28	N27° 31' 44"E
R29	N25° 00' 26"W
R30	N31° 54' 46"W
R31	S73° 05' 45"E
R32	N57° 28' 43"W
R33	S77° 44' 01"W
R34	S33° 03' 59"W
R35	S31° 54' 46"E



DRAWING: S:\2022\LDC2200A\Survey\Record Data\Vesa\220004_FM.dwg\Layout4 - LDC-Civil.ctb
PLOT BY: Julia Jun 30, 2023 - 2:10pm

RECORDING REQUESTED BY AND WHEN RECORDED MAIL DOCUMENT TO:

CITY OF KERMAN
Attn: Josie Camacho, City Clerk
850 S. Madera Avenue
Kerman, CA 93630

NO FEE – Government Code Sections 6103 and 27383

Space Above This Line for Recorder's Use Only

CITY OF KERMAN
SUBDIVISION AGREEMENT
FINAL MAP OF VESTING TRACT NO. 6447

TABLE OF CONTENTS

ARTICLE I. GENERAL PROVISIONS

A. Definitions....5
B. Legal Foundation of Agreement....6
C. Development Impact Fees....6
D. Indemnification....7
E. Insurance....8
F. Recording of Final Map and Notice of Completion of Improvements; Installation of Sidewalks and Driveway Approaches....10
G. Bonds and Other Security....11
H. Materials and Labor....12
I. Lighting and Landscaping District....12
J. Easements....13
K. Failure of Performance....13
L. Time of the Essence....13
M. Covenant Running with Land; Successors and Assigns....13
N. Integration; Incorporation of Documents and Exhibits....14
O. Conditions of Approval....14
P. Applicable Law and Venue....14
Q. Prevailing Wages....15
R. Enforcement of Obligations....15
S. Limitations of Legal Acts....15
T. Attorneys' Fees and Legal Expenses....15
U. Waiver....16
V. Subordination....16
W. Captions....16
X. Ambiguities or Uncertainties....16
Y. Severability of Provisions....16

ARTICLE II. CONSTRUCTION REQUIREMENTS

A. Standard Specifications....16
B. Scope of Improvements....17
C. Approved Plans....17
D. Time for Performance and Schedule....17
E. Compaction and Materials Testing....18
F. Codes and Permits....18
G. Coordination of Contractors....18
H. Inspection....18
I. Repair of Damaged Improvements....18
J. Dust Control....19
K. Undergrounding of Utilities; Street Surfacing....19
L. Street Sweeping....19
M. Preconstruction Meeting....20
N. Building Materials Recycling....20

EXHIBIT "A" LEGAL DESCRIPTION OF PROPERTY
EXHIBIT "B" DEVELOPMENT IMPACT FEES

CITY OF KERMAN
SUBDIVISION AGREEMENT
FINAL MAP OF TRACT NO. 6447

THIS SUBDIVISION AGREEMENT (the "Agreement") is entered into on this _____ day of _____ 2025, (the "Effective Date") by and between CITY OF KERMAN, a municipal corporation, hereinafter referred to as "CITY," and JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC., hereinafter referred to as "OWNER," without regard for number or gender (individually a "Party," and collectively, the "Parties").

RECITALS

A. OWNER has filed with CITY the Final Map of Tract No. 6447 constituting a proposed division of land (the "Property") owned by OWNER and located within the corporate limits of CITY, and more particularly described in **Exhibit "A"** attached hereto and incorporated herein by reference. A copy of said Final Map is on file with the City Clerk.

B. Pursuant to Chapter 16.28 and other applicable provisions of the Kerman Municipal Code, CITY has conducted the appropriate environmental review of the proposed subdivision, the Planning Commission of CITY has determined that the proposed subdivision is consistent with CITY'S General Plan in that the proposed land use is compatible with the objectives, policies, land uses, and programs specified in the General Plan. The City Council of CITY, on September 25, 2024, with the adoption of Resolution No. 24-79, approved Vesting Tentative Subdivision Map 2023-02.

C. Pursuant to Section 16.36.010 of the Kerman Municipal Code, after approval or conditional approval of the tentative map, the subdivider may cause a final map to be prepared in accordance with a completed survey of the division of land and in substantial compliance with the approved tentative map, and in full compliance with the Subdivision Map Act and Title 16 of the Kerman Municipal Code. The final map shall meet the requirements and specifications set forth in Title 16 and Government Code Sections 66433 to 66450 of the Subdivision Map Act.

D. As a condition precedent to the acceptance and approval of the Final Map, CITY requires the dedication of all areas delineated on the Final Map of Tract No. 6447 for public street and other public purposes consistent with provisions of the Kerman Municipal Code, this Agreement, and Vesting Tentative Subdivision Map No.2023-02.

E. OWNER is required to enter this Agreement with City whereby OWNER agrees to do, perform, and complete the work and matters required as Conditions of Approval for Vesting Tentative Subdivision Map No. 2023-02 in accordance with Kerman Municipal Code 16.04.020 and Government Code Sections 66462 and 66462.5 of the Subdivision Map Act within the time specified in this Agreement.

F. OWNER is required to construct and install Improvements (defined below), including sewer; water; storm drainage; concrete curbs, gutters, sidewalks and driveway approaches; street lighting; street paving; walls and fences; landscaping; irrigation; traffic signals;

and other improvements; and perform grading; all as shown on the Improvement Plans for Tract No. 6447, prepared by Landdesign Consulting, the engineer of record for Tract No. 6447, and approved by CITY, which Improvement Plans are on file with the City Engineer.

G. OWNER desires to develop the Property by constructing and installing the Improvements and performing said work consistent with the Improvement Plans.

AGREEMENT

In consideration of the foregoing Recitals, which are made a substantive part of this Agreement, and for other good and valuable consideration, including approval of the Final Map of Tract No. 6447 by CITY, and the recording thereof as provided by law, the receipt and adequacy of which are hereby acknowledged, OWNER and CITY do hereby mutually agree as follows:

ARTICLE I. GENERAL PROVISIONS

A. DEFINITIONS

Wherever hereinafter used in this Agreement, the following words and phrases shall have the meaning herein given, unless the context requires a different meaning:

1. "City Clerk" shall mean the City Clerk of CITY, or his or her duly authorized representative.

2. "City Council" shall mean the City Council of the CITY.

3. "City Engineer" shall mean the City Engineer of CITY, or his or her duly authorized representative.

4. “Inspector” shall mean the City Engineer of CITY, or his or her duly authorized representative.

5. "Development Impact Fees" shall mean the development impact fees set forth in Exhibit "B" of this Agreement.

6. "Final Acceptance of Improvements" shall mean acceptance of the Improvements (defined below), with the exceptions provided in Section F.3, by CITY.

7. "Final Map" shall mean the Final Map of Tract No. 6447 as being divided into parcels, including street areas of adjacent existing public streets to the center lines thereof.

8. "Improvements" shall mean all works of improvement, including those depicted on or required by the Improvement Plans (defined below) and the provisions of this Agreement, and may include, but not necessarily be limited to, sewer, water, street pavement, storm drainage, street lighting, concrete, fence, landscape, irrigation, grading, and traffic signal improvements.

9. "Improvement Plans" shall mean the Improvement Plans for the Final Map approved by CITY and on file with the City Engineer.

10. "Planning Commission" shall mean the Planning Commission of CITY.

11. "Standard Specifications" shall mean CITY'S Standard Specifications, including attached details and amendments thereto.

12. "Subdivision" shall mean the Final Map and/or the land described by the Final Map.

13. "Vesting Tentative Subdivision Map 2023-02" shall mean the Vesting Tentative Map of Tract No. 6447 approved by the City Council, with its adoption of Resolution No. 24-79, on September 25, 2024.

B. LEGAL FOUNDATION OF AGREEMENT

This Agreement is entered into pursuant to California Government Code Section 66410 et seq. (the "Subdivision Map Act") and Title 16, Subdivisions, of the Kerman Municipal Code. The provisions of this Agreement and the Improvements to be constructed and installed pursuant to the requirements of the Subdivision Map Act, the Kerman Municipal Code, and this Agreement are necessary and proper to safeguard and serve the public health, safety and welfare.

C. DEVELOPMENT IMPACT FEES

1. Impact Fees. OWNER and CITY hereby agree that OWNER is obligated to pay Development Impact Fees for sewer and water, storm drainage, parks, and other public facilities as shown in **Exhibit "B"** attached hereto and incorporated herein by reference.

In addition, OWNER agrees that OWNER is obligated to pay plan check, inspection, grading permit, building permit, encroachment permit, and similar fees as required under the Kerman Municipal Code, CITY resolutions, and other applicable law.

The fees set out in Exhibit "B" are based upon the development of the number of residential units presently proposed by OWNER. If a different number of residential units is developed, CITY reserves the right to adjust the amount of the fees to correspond to the number of residential units actually developed by OWNER, and OWNER agrees that OWNER shall be obligated to pay fees corresponding to the number of residential units OWNER, or its successors, actually develops.

Fees set forth in **Exhibit "B,"** Part I, shall be due and payable for each residential unit on the date of final inspection or the date certificate of occupancy is issued, whichever is issued first, for each residential unit unless otherwise agreed by Owner and CITY. If said fees are not paid in full at the time of the issuance of a building permit, OWNER shall enter into a covenant consistent with Government Code section 66007(c), and in a form acceptable to the CITY, to pay said fees. Such covenant shall be recorded against the property for which the building permit is being issued, and shall constitute a lien on the property for the unpaid fee. Owner shall be

responsible for the costs of the same, including reimbursing CITY for its actual costs of processing, and subsequently releasing, the covenant. If OWNER instead elects to pay said fees at the time of issuance of a building permit, then no covenant will be required.

OWNER agrees that the fee amounts set forth in **Exhibit "B"** are based upon the best information available upon the Effective Date of this Agreement, and that the final fee amounts may be greater or less than the amounts set forth in **Exhibit "B**" due to adjustments in construction costs, testing and inspection, or other unforeseen events. Final fee amounts, regarding each residential unit, will be determined by CITY prior to issuance of an occupancy permit for each residential unit.

2. Impact Fee Adjustments. CITY agrees to the fee adjustments set forth in **Exhibit "B,"** Part II, provided that OWNER constructs and installs the Improvements described in **Exhibit "B,"** Part II. In the event OWNER fails to construct any of the Improvements described in **Exhibit "B,"** Part II, on or before the "Completion of all Improvements" date, as set forth in Article II, Section D, of this Agreement, or any agreed extension of such date, CITY, in its sole discretion, and in addition to any other remedy provided in this Agreement or by law, may enter the Subdivision and construct or complete construction of the Improvements. In such event, CITY shall determine whether OWNER shall pay the construction cost or fee prevailing at the time of construction, and CITY will pursue reimbursement from OWNER, or from securities held to secure the performance of this Agreement. In addition, OWNER hereby consents to the recordation of a lien or liens against the Subdivision in an amount to secure reimbursement to CITY for amounts expended to enforce this Agreement, including, but not limited to, the costs incurred to construct the Improvements designated in this Agreement.

3. Impact Fee Reimbursements. Where OWNER has constructed facilities, or paid CITY for the construction of facilities that are over-sized, or that are constructed as master-planned facilities that are not primarily for the benefit of OWNER or the Subdivision, OWNER shall be eligible to receive reimbursement as indicated in Exhibit "B," Part II, from development impact fee funds, subject to availability of such funds. The source of the reimbursement shall be selected by CITY, but in no event shall CITY be responsible for reimbursement from any source or sources other than the source or sources identified in this paragraph.

D. INDEMNIFICATION

To the greatest extent permitted by law, OWNER shall indemnify, hold harmless, and defend CITY and its officers, officials, agents, employees, consultants and volunteers from any and all claims, demands, costs, losses, damages, or liability whether in contract, tort, or strict liability, including but not limited to personal injury, death at any time, and property damage incurred by CITY, OWNER, or any other person, and from any and all claims, demands and actions in law or equity (including attorneys' fees, litigation, and legal expenses incurred by CITY or held to be the liability of CITY, including plaintiff's or petitioner's attorneys' fees if awarded in connection with CITY'S defense of its actions in any proceeding) arising or alleged to have arisen directly or indirectly from (a) the performance of, or in any way connected with, this Agreement; (b) the performance or installation of the work or Improvements by OWNER and its principals, officers, employees, agents, contractors and subcontractors; (c) the design, installation, operation, removal or maintenance of the work and Improvements; or (d) CITY'S approval of the design,

installation, operation, removal or maintenance of the work and Improvements, save and except for the sole negligence of CITY. Pursuant to Government Code Section 66474.9, OWNER shall defend, indemnify, and hold harmless CITY and its officers, officials, agents, employees, consultants and volunteers from any claim, action or proceeding against CITY and its officers, officials, agents, employees, consultants and volunteers to attack, set aside, void, or annul, an approval of CITY, the Planning Commission, or the City Council concerning the Subdivision or this Agreement. CITY shall promptly notify OWNER of any such claim, action or proceeding, and shall cooperate fully in the defense thereof. The Parties intend that this indemnity provision shall be broadly construed to the greatest extent permitted by law.

E. INSURANCE

Throughout the life of this Agreement, OWNER shall pay for and maintain in full force and effect all policies of insurance described in this Section with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (ii) authorized by CITY's Risk Manager. The following policies of insurance are required:

1. COMMERCIAL GENERAL LIABILITY insurance, which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and shall include insurance for bodily injury, property damage, and personal and advertising injury with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, contractual liability (including indemnity obligations under this Agreement), with limits of liability of not less than $3,000,000 per occurrence for bodily injury and property damage, $1,000,000 per occurrence for personal and advertising injury and $3,000,000 aggregate for products and completed operations, and $5,000,000 general aggregate.

2. COMMERCIAL AUTOMOBILE LIABILITY insurance, which shall be at least as broad as the most current version of Insurance Services Office (ISO) Business Auto Coverage Form CA 00 01 and shall include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Section 1, subsection A.1 entitled "Any Auto"), with combined single limits of liability of not less than $3,000,000 per accident for bodily injury and property damage.

3. PROFESSIONAL LIABILITY (Errors and Omissions) insurance appropriate to the respective person's profession (applicable only to those subcontractors who are providing Professional Services to OWNER), with limits of liability of not less than $1,000,000 per claim/occurrence and $2,000,000 policy aggregate.

4. WORKERS' COMPENSATION insurance as required under the California Labor Code.

5. EMPLOYERS' LIABILITY with minimum limits of liability of not less than $1,000,000 each accident, $1,000,000 disease policy limit and $1,000,000 disease each employee.

OWNER shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and OWNER shall also be responsible for payment of any self-insured retentions.

The above described policies of insurance shall be endorsed to provide an unrestricted 30 calendar day written notice in favor of CITY of policy cancellation of coverage, except for the Workers' Compensation policy which shall provide a 10 calendar day written notice of such cancellation of coverage. In the event any policies are due to expire during the term of this Agreement, OWNER shall provide a new certificate evidencing renewal of such policy(ies) not less than 15 calendar days prior to the expiration date of the expiring policy(ies). Upon issuance by the insurer, broker, or agent of a notice of cancellation in coverage, OWNER shall file with CITY a new certificate and all applicable endorsements for such policy(ies).

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form and shall name CITY, its officers, officials, agents, employees and volunteers as an additional insured. Such policy(ies) of insurance shall be endorsed so OWNER's insurance shall be primary and no contribution shall be required of CITY. In the event claims-made forms are used for any Professional Liability coverage, either (i) the policy(ies) shall be endorsed to provide not less than a five (5) year discovery period, or (ii) the coverage shall be maintained for a minimum of five (5) years following the termination of this Agreement and the requirements of this Section relating to such coverage shall survive termination or expiration of this Agreement. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to CITY, its officers, officials, agents, employees and volunteers.

OWNER shall have furnished CITY with the certificate(s) and applicable endorsements for ALL required insurance prior to CITY's execution of the Agreement. OWNER shall furnish CITY with copies of the actual policies upon the request of CITY Attorney or the CITY Clerk at any time during the life of the Agreement or any extension, and this requirement shall survive termination or expiration of this Agreement.

The fact that insurance is obtained by OWNER or his/her/its subcontractors shall not be deemed to release or diminish the liability of OWNER or his/her/its subcontractors including without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify CITY, its officers, officials, agents, employees and volunteers, shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by OWNER or his/her/its subcontractors. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of OWNER, its principals, officers, agents, employees, persons under the supervision of OWNER, vendors, suppliers, invitees, subcontractors, consultants or anyone employed directly or indirectly by any of them.

If at any time during the life of the Agreement or any extension, OWNER fails to maintain the required insurance in full force and effect, the CITY may order that OWNER, or its contractors or subcontractors, immediately discontinue any further work under this Agreement and take all necessary actions to secure the work site to insure that public health and safety is protected. All payments due or that become due to OWNER shall be withheld until notice is received by CITY

that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to CITY. Any failure to maintain the required insurance shall be sufficient cause for CITY to terminate this Agreement.

If OWNER should subcontract all or any portion of the services to be performed under this Agreement, OWNER shall require each subcontractor to provide insurance protection in favor of CITY, its officers, officials, employees, volunteers and agents in accordance with the terms of each of the preceding paragraphs, except that the subcontractors' certificates and endorsements shall be on file with OWNER and CITY prior to the commencement of any work by the subcontractor.

F. RECORDING OF FINAL MAP AND NOTICE OF COMPLETION OF IMPROVEMENTS; INSTALLATION OF SIDEWALKS AND DRIVEWAY APPROACHES

1. Final Map. The offers of dedication of lands, rights-of-way, or easements made on the Final Map shall remain open and will not be accepted by CITY until the City Council accepts the Improvements and authorizes the recording of the Notice of Completion with the Fresno County Recorder. CITY may accept such offers in its sole discretion at any later date without further notice to OWNER.

2. Notice of Completion of Improvements. The conditions and obligations of this Agreement shall remain in full force and effect until such time as the CITY issues a written release finding that the conditions and obligations of this Agreement have been fully satisfied and are no longer required for public health and safety reasons and thereafter records such release with the Fresno County Recorder. Until Final Acceptance of Improvements, and acceptance of any lands, rights of way, and easements, OWNER shall be responsible to maintain the Improvements in a safe condition and good repair. OWNER agrees that the use of any or all Improvements specified in this Agreement shall be, at all times prior to Final Acceptance of Improvements, at the sole and exclusive risk of OWNER, and the issuance of any occupancy permit by CITY for any dwelling unit completed on a Subdivision lot shall not be construed in any manner to constitute Final Acceptance of Improvements. Upon Final Acceptance of Improvements, CITY shall cause a Notice of Completion of the Improvements to be recorded in the Official Records of the County of Fresno.

3. Installation of Sidewalks, Driveway Approaches, and Street Trees. OWNER agrees to construct and install concrete sidewalks and driveway approaches and install street trees incrementally, excepting sidewalks and street trees along boundary streets and non-residential lots, upon the completion of each dwelling unit on each Subdivision lot. Sidewalks and street trees along boundary streets and non-residential lots shall be installed prior to Final Acceptance of Improvements. The City Engineer shall determine which segments of sidewalk and street trees shall be installed prior to Final Acceptance of Improvements. CITY agrees to Final Acceptance of Improvements and a Notice of Completion of Improvements, absent concrete sidewalks and driveway approaches. OWNER and CITY agree that CITY may withhold the certificate of occupancy for a dwelling unit constructed on a Subdivision lot until the concrete sidewalk and driveway approach associated with the lot are completed by OWNER to the satisfaction of the City Engineer.

G. BONDS AND OTHER SECURITY

Prior to the City Council's approval of the Final Map, OWNER shall furnish to CITY performance securities as provided herein. Bonds and other security instruments authorized in this section shall be maintained in full force and effect during the term of this Agreement and may be released, in whole or in part, only upon the written approval of the CITY, whose actions shall be reasonable and consistent with the provisions of this Agreement. Bonds shall be by one or more duly authorized corporate entities licensed to do business in California subject to the approval of the City and on forms furnished or approved by the City. Cash deposits shall be made payable to the City of Kerman in a form acceptable to the City. OWNER shall provide the following as security:

1. Performance Security. OWNER shall provide to CITY performance security in the amount of Three Million Nine Hundred and Fifty-Eight Thousand Nine Hundred and Twenty-Seven dollars ($3,958,927), which amount is equal to one hundred percent (100%) of the estimated total cost of the Improvements, as approved by the City Engineer. All required securities must be in a form approved by CITY'S attorney.

2. Payment Security. OWNER shall provide to CITY payment security in the amount of One Million Nine Hundred and Seventy-Nine Thousand Four Hundred and Sixty-Three dollars ($1,979,463), which amount is equal to fifty percent (50%) of the estimated total cost of the Improvements, as approved by the City Engineer. All required securities must be in a form approved by CITY'S attorney.

3. Warranty Security. OWNER shall remedy any defective work, labor or materials related to the Improvements, and shall pay CITY for any damage to the Improvements resulting therefrom, which occurs within a period of one (1) year from the date of Final Acceptance of Improvements. To insure OWNER complies with its obligations hereunder, upon Final Acceptance of Improvements, OWNER shall provide to CITY warranty security in the amount of Three Hundred Ninety-Five Thousand Eight Hundred and Ninety-Two dollars ($395,892), twenty percent (20%) of which shall be in the form of cash deposited with CITY prior to final inspection of the Improvements by the City Engineer and Final Acceptance of the Subdivision by CITY. The balance of the warranty security shall be in the form of a bond or cash. All required securities must be in a form approved by CITY'S attorney. The warranty security shall be released to OWNER, less any amount required to be used for fulfillment of the warranty, one (1) year after Final Acceptance of Improvements.

4. Cash Deposit to Secure Durable Monuments. OWNER shall deposit with CITY the amount of Two Thousand Dollars ($2,000.00) in cash as security for placing all durable monuments as specified by Kerman Municipal Code Sections 16.36.090 and 16.52.010. CITY shall release such cash deposit to OWNER upon determination by the City Engineer that OWNER has satisfied the provisions of Kerman Municipal Code Sections 16.36.090 and 16.52.010.

5. Cash Deposit to Secure Penalties. OWNER shall deposit with CITY the amount of Five Thousand Dollars ($5,000.00) in cash to be drawn against by CITY for recovering costs resulting from any failure, as described below, on the part of OWNER. Upon determination

by the City Engineer that OWNER has satisfactorily completed and/or complied with the matters described below, CITY shall release such cash deposit, or any portion thereof remaining, to OWNER.

a. Failure by OWNER to obtain an encroachment permit prior to beginning construction within CITY right-of-way shall cause CITY to draw a penalty of One Hundred Fifty Dollars ($150.00).

b. Failure by OWNER to comply with any of the completion dates set forth in this Agreement shall cause CITY to draw a penalty of One Hundred Fifty Dollars ($150.00) for every day OWNER is not in compliance with a completion date; provided, however, that CITY has not granted an extension in writing of the relevant completion date.

c. OWNER shall meet with CITY at a preconstruction meeting, at which time OWNER shall receive a list of required inspections. OWNER or its authorized representative or agent shall contact CITY and request an inspection twenty-four (24) hours in advance thereof. OWNER'S failure to do so shall cause CITY to draw a penalty of One Hundred Fifty Dollars ($150.00) for each occurrence. Said penalty shall not release OWNER from responsibility to obtain inspection and approval of any work by CITY.

d. In the event CITY is required to re-inspect work that failed a CITY inspection or that was not ready for inspection when an inspection was called for by OWNER or its authorized representative or agent, CITY shall draw a penalty of One Hundred Fifty Dollars ($150.00) for the first time the same work must be re-inspected, and an additional One Hundred Dollars ($100.00) for each additional re-inspection thereafter of the same work.

e. Failure by OWNER to provide street sweeping services as set forth in this Agreement shall cause CITY to draw a penalty equal to the actual cost incurred by the CITY to remedy non-compliance by Owner.

f. Failure by OWNER to provide dust control as set forth in this Agreement shall cause CITY to draw a penalty equal to the actual cost incurred by the CITY to remedy non-compliance by OWNER.

H. MATERIALS AND LABOR

OWNER and its contractors and subcontractors shall pay for any materials, provisions and other supplies or items used in, upon, for or about the performance of the work contracted to be done pursuant to this Agreement, and for any work or labor thereon of any kind and for amounts due under the California Unemployment Insurance Code (Stats. 1953, Ch. 308) with respect to such work or labor, and shall file with CITY, pursuant to California Labor Code Section 3800, a valid workers' compensation insurance certificate, and shall maintain a valid policy of workers' compensation insurance for the duration of the period of construction, or provide under penalty of perjury a satisfactory demonstration of exemption from coverage.

I. LIGHTING AND LANDSCAPING DISTRICT

OWNER agrees to complete annexation to or establishment of a landscaping and lighting district pursuant to the Landscaping and Lighting Act of 1972, as amended (California Streets and Highways Code Section 22500 et seq.), and to maintain lighting and publicly landscaped areas until the Final Acceptance of Improvements.

J. EASEMENTS

OWNER shall grant CITY an easement for maintenance, repair or reconstruction of any water main or sewer main or other CITY-operated improvement which is constructed outside a dedicated public street.

K. FAILURE OF PERFORMANCE

In addition to any other remedies provided in this Agreement or by law, in the event OWNER fails to perform one or more of the covenants or conditions of this Agreement, CITY shall have recourse to the security given to guarantee the performance of such acts. CITY may do, or cause to be done, those acts required of OWNER, and shall have recourse against so much of the security as is necessary to discharge the responsibility of OWNER. In the event CITY seeks recourse against a security, CITY shall also have recourse against OWNER for any and all amounts necessary to complete the obligations of OWNER in the event the security is insufficient to pay such amounts. All administrative costs, including reasonable attorneys' fees pursuant to Government Code Section 66499.4 incurred by the City, in addition to the costs of the Improvements, shall be a proper charge against the security and OWNER.

L. TIME OF THE ESSENCE

The work and improvements required under this Agreement shall be performed on or before completion date set forth in Article II, Section D. Time is of the essence of this Agreement, and the same shall bind and inure to the benefit of the Parties hereto, their successors and assigns.

M. COVENANT RUNNING WITH LAND; SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the respective Parties. This Agreement shall be recorded in the Official Records of the County of Fresno concurrent with the recording of the Final Map, and shall constitute a covenant running with the land and an equitable servitude upon the Subdivision. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and OWNER. No assignment of this Agreement or of any duty or obligation of performance hereunder shall be made in whole or in part by OWNER without the written consent of CITY. Successors in Interest to any portion of the Subject Property shall comply with all terms and conditions of this Agreement. In particular, they shall provide all required insurance, bonds, and security to the City for that portion of any remaining Improvements which may yet to be completed at time of transfer. Said insurance, bonds, and security must be provided to the City within 30 days of obtaining a fee interest in a portion of the Subject Property.

Additionally, the following covenants affect development of Subject Property: Right-to-Farm and Kerman Landscape and Lighting District No.1.

N. INTEGRATION; INCORPORATION OF DOCUMENTS AND EXHIBITS

Each Party acknowledges that it has read and fully understands the contents of this Agreement. This Agreement represents the entire and integrated agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral, and includes all documents referenced herein, **including Exhibit "A,"** Legal Description of Property, and **Exhibit "B,"** Development Impact Fees. The Final Map has been recorded separately, and a copy thereof is on file with the City Clerk.

O. CONDITIONS OF APPROVAL

OWNER shall comply with all conditions of approval set forth in Resolution No. 24-79, adopted by the City Council on September 25, 2024, the Standard Specifications, and the notes and requirements set forth on the Final Map, all of which are on file with the City Clerk.

In particular, OWNER agrees that OWNER is required to comply with a condition regarding the State Route 180 and Siskiyou Intersection, Engineering Condition No. C.1.f :

> "Adhere to Caltrans requirements including those stated in JBL Traffic Engineering, Inc. prepared Traffic Impact Analysis dated February 10, 2024 with approval date of February 13, 2024, including but not limited to:
>
> i) Stripe a second eastbound lane.
> ii) Add a northbound lane.
> iii) Modify the traffic signal to accommodate the additional lanes."

OWNER shall meet this condition by depositing Nine Thousand Five Hundred and Ninety-Five dollars ($9,595) with the City which represents Owner's fair share amount. This amount shall be deposited with City on or before the time for completion of public improvements under Article II, Section D of this Agreement. City shall deposit this amount in a separate account held in trust solely to meet this condition.

P. APPLICABLE LAW AND VENUE

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. In performing the obligations set forth in this Agreement, OWNER shall comply with applicable laws, regulations, and rules of all local, State and federal governmental agencies having jurisdiction, including, without limitation, applicable federal and State labor standards and environmental laws and regulations. OWNER shall comply with the codes and ordinances of CITY including the Kerman Municipal Code and CITY'S building codes, as well as all regulations of the North Central Fire Protection District. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be Fresno County, California.

Q. PREVAILING WAGES

OWNER shall:

1. Pay, and cause its contractors and subcontractors to pay, prevailing wages for the construction of those specific Improvements for which OWNER receives credits or reimbursements, if any, identified in Exhibit "B," and those Improvements, if any, that are "public works" under Chapter 1, Part 7, Division 2 of the California Labor Code, including Section 1720(a)

2. Comply with any applicable provisions of California Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations. OWNER shall, and shall cause its contractors and subcontractors to, keep and retain such records as are necessary to determine that prevailing wages have been paid as may be required by law. During the construction of the Improvements, if any, that are public works, OWNER shall, and shall cause its contractors to, post at the Property the applicable prevailing rates of per diem wages. As required by Article I, Section D of this Agreement, OWNER shall indemnify, hold harmless and defend (with counsel reasonably acceptable to CITY) CITY against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including OWNER, its contractors and subcontractors) to pay prevailing wages as required by law or to comply with the other applicable provisions of California Labor Code Sections 1720 et seq. and the implementing regulations of the Department of Industrial Relations in connection with construction of Improvements, if any, that are public works.

R. ENFORCEMENT OF OBLIGATIONS

CITY may enforce this Agreement in any manner available at law or in equity, including, but not limited to, reversion to acreage.

S. LIMITATIONS OF LEGAL ACTS

Except as provided in Article I, Section T of this Agreement, in no event shall CITY, or its officers, officials, agents, employees, consultants and volunteers, be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed OWNER'S sole legal remedy for breach or violation of this Agreement by CITY shall be a legal action in mandamus, specific performance, or other injunctive or declaratory relief to enforce the provisions of this Agreement.

T. ATTORNEYS' FEES AND LEGAL EXPENSES

In the event either Party is required to commence any proceeding or legal action to enforce or interpret any term or condition of this Agreement, the prevailing Party in such proceeding or action shall be entitled to recover from the other Party its reasonable attorneys' fees and legal expenses. For purposes of this Agreement, "attorneys' fees" and "legal expenses" include, without limitation, paralegal fees and expenses, attorney and consultant fees and expenses, expert witness fees and expenses, and all other expenses incurred by the prevailing Party's attorneys in the course of the representation of the prevailing Party in anticipation of and/or during the course of litigation, whether or not otherwise recoverable as "attorneys' fees" or as "costs" under California law, and the same may be sought and awarded in accordance with California procedure as pertaining to an award of contractual attorneys' fees.

U. WAIVER

The waiver by either Party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provision of this Agreement may be waived unless in writing and signed by all Parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

V. SUBORDINATION

OWNER hereby warrants that any and all Parties having record title interest in the Final Map which may ripen into a fee have subordinated to this Agreement and all such instruments of subordination, if any, are attached hereto and made a part of this Agreement.

W. CAPTIONS

Section, paragraph and other captions or headings contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or otherwise describe the scope or intent of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

X. AMBIGUITIES OR UNCERTAINTIES

Any ambiguity or uncertainty herein shall be equally and fairly interpreted and construed without reference to the identity of the Party or Parties preparing this Agreement, on the express understanding and agreement the Parties participated equally in the negotiation and preparation of this Agreement, or have had equal opportunity to do so. Accordingly, the Parties hereby waive the benefit of California Civil Code Section1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the Party who caused the uncertainty to exist.

Y. SEVERABILITY OF PROVISIONS

The provisions of this Agreement are severable. The invalidity or unenforceability of any one provision in this Agreement shall not affect the validity or enforceability of the other provisions, which shall remain in full force and effect.

ARTICLE II. CONSTRUCTION REQUIREMENTS

A. STANDARD SPECIFICATIONS

All of the Improvements and work and materials shall be performed, installed and provided in strict accordance with the Standard Specifications, which are incorporated herein by this reference as though set forth in full . All of said work and improvements shall also comply with the requirements of the Kerman Municipal Code. In the event there is not a Standard Specification applicable to the Improvements or work or materials, or any portion thereof, it is agreed that the same shall be done and performed in accordance with the standards and

specifications of the State of California, Department of Transportation. All of the Improvements and work and materials shall be done, performed and installed under the supervision of the City Engineer, under whose directions the work shall be inspected as it progresses. Until Final Acceptance of Improvements, OWNER shall give prominent and adequate warning to the public of each and every dangerous condition that may exist in the Subdivision, and shall take all reasonable actions to protect the public from any such dangerous condition.

B. SCOPE OF IMPROVEMENTS

The work and Improvements, including those depicted on or required by the Improvement Plans, which may include sewer, water, street, storm drainage, street lighting, landscape, irrigation, grading, and traffic signal plans, as well as plans required by the Conditions of Approval, are incorporated herein by reference and made a part of this Agreement.

C. APPROVED PLANS

Notwithstanding CITY'S approval of the Improvement Plans, and that completion of the work and other acts are subject to approval of CITY, it is understood and agreed that any approval hereof by CITY shall in no way relieve OWNER of satisfactorily performing said work or its obligations hereunder. OWNER agrees to perform and construct all work and improvements shown on the approved plans on file in the office of the City Engineer.

D. TIME FOR PERFORMANCE AND SCHEDULE

The work and improvements required by Conditions of Approval shall be performed on or before the Date of Completion set forth below. OWNER shall perform the work and Improvements to the satisfaction of the City Engineer. OWNER understands and agrees that the following schedule of work is intended to provide a guideline as to diligent prosecution of the work under this Agreement. OWNER agrees to the following construction schedule:

		Date of Completion
1.	Grading	10/01/25
2.	Sewer Facilities	11/01/25
3.	Water Facilities	11/01/25
4.	Street Improvements	01/01/26
5.	Completion of all Improvements	03/01/26

If the construction of the Improvements shall be delayed without the fault of OWNER, the time for completion thereof may be extended by CITY, in writing signed by the City Manager of CITY, for such period of time as CITY may deem reasonable. However, CITY reserves the right to withhold issuance of a certificate of occupancy for any dwelling unit constructed within the Subdivision prior to Final Acceptance of Improvements. Without limitation of the foregoing sentence, it is agreed that CITY shall have the right to determine whether to issue or withhold a certificate of occupancy if there is then existing a breach or failure to properly perform the obligations of this Agreement, or if issuance of a certificate of occupancy would not serve the public health, safety or welfare. Concrete curbs and gutters, the sanitary sewer system and house connections, storm drainage pipeline and structures, together with water mains, gas mains and their

respective service connections and all other underground services or facilities, shall be completed before starting the street surfacing.

E. COMPACTION AND MATERIALS TESTING

Compaction and soils tests shall be paid for by OWNER, and OWNER shall contract with the soils laboratory directly. Street and utility trench tests shall be taken in varying locations, depths, and frequencies as required and directed by the City Engineer. Compaction of soils shall meet all CITY requirements.

F. CODES AND PERMITS

OWNER shall comply with all ordinances and codes of CITY, and shall secure an encroachment permit from CITY and submit to CITY evidence of insurance required by the encroachment permit before commencing work within any CITY right-of-way or property. OWNER shall install the Improvements in accordance with Kerman Municipal Code Chapter 16.40, Improvement Standards; the Standard Specifications; applicable standards and specifications of the State of California, Department of Transportation; and the Improvement Plans.

G. COORDINATION OF CONTRACTORS

It shall be the responsibility of OWNER to coordinate all work done by its contractors and subcontractors, such as scheduling the sequence of operations and the determination of liability if one operation delays another. In no case shall CITY be placed in the position of making decisions that are the responsibility of OWNER. It shall further be the responsibility of OWNER to give the City Engineer written notice not less than two (2) working days in advance of the actual date on which work is to be started. Failure on the part of OWNER to timely notify the City Engineer may cause delay for which OWNER shall be solely responsible.

H. INSPECTION

Whenever OWNER varies the period during which work is carried on each day, OWNER shall give due notice to the Inspector so that proper inspection may be provided. Any work done in the absence of the Inspector will be subject to rejection. The inspection of the work shall not relieve OWNER of its obligations to satisfy this Agreement. Defective work shall be made good, and unsuitable materials will be rejected, notwithstanding the fact that such defective work and unsuitable materials have been previously overlooked by the Inspector and accepted by CITY.

I. REPAIR OF DAMAGED IMPROVEMENTS

Any damage to the water or sewer systems, concrete work, street paving, or other facilities and improvements constructed in connection with this Agreement that occurs after installation and prior to Final Acceptance of Improvements shall be repaired by OWNER to the satisfaction of the City Engineer before Final Acceptance of Improvements and release of security. CITY may, at its sole option, perform such repair or replacement if OWNER has failed to commence such repair within twenty (20) days after CITY has mailed to OWNER and OWNER'S surety written notice of the need for repairs or replacement. In such event, OWNER agrees to pay the cost of such

repair and replacement by CITY, and CITY may recover such cost as a lien against the Subdivision. If CITY determines that public safety requires repairs or replacements to be made before OWNER or surety can be notified, CITY may complete such repairs or replacements and recover the costs thereof as provided above.

J. DUST CONTROL

Adequate dust and mud control shall be maintained by OWNER on all streets within and without the Subdivision until the paving of the streets is completed. "Adequate dust control" as used herein shall mean the sprinkling of the streets with water with sufficient frequency to prevent the scattering of dust by wind or the activity of vehicles and equipment onto any street area or private property adjacent to the Subdivision. Whenever, in the opinion of the City Engineer, adequate dust control is not being maintained on any street or streets as required by this paragraph, the City Engineer shall forthwith give notice to OWNER to comply with the provision of this paragraph. Such notice may be personally served upon OWNER or, if OWNER is not an individual, upon any person who has signed this Agreement on behalf of OWNER or a superintendent or foreman of OWNER'S or OWNER'S contractor or subcontractor at the Subdivision, or, at the election of the City Engineer, such notice may be mailed to OWNER at OWNER'S address on file with the City Engineer. If, within twenty-four (24) hours after such personal service of such notice, or within forty-eight (48) hours after the mailing thereof as herein provided, OWNER shall not have commenced work to maintain adequate dust control or shall at any time thereafter fail to maintain adequate dust control, the City Engineer may, without further notice of any kind, cause any such street or streets to be sprinkled, as he may deem advisable, to eliminate the scattering of dust, by equipment and personnel of CITY or by contract as the City Engineer shall determine, and CITY may deduct the cost thereof from any deposits which OWNER has placed with CITY. When the surfacing on any existing street is disturbed, this surfacing shall be replaced with temporary or permanent surfacing within fourteen (14) calendar days, and the roadway shall be maintained in a safe and passable condition at all times between the commencement and final completion of work, and adequate dust control shall be maintained during these operations.

K. UNDERGROUNDING OF UTILITIES; STREET SURFACING

OWNER agrees that all existing overhead utilities within the boundaries of the Subdivision, and on adjacent streets to the centerlines thereof, shall be replaced or relocated in underground installations. All new utilities shall be underground and all work shall be completed before installation of street surfacing.

L. STREET SWEEPING

OWNER shall pay for sweeping of streets within the Subdivision following installation of street paving, and all boundary streets throughout the course of construction of Improvements, prior to Final Acceptance of Improvements. CITY may provide such street sweeping services at its sole discretion and convenience. OWNER shall keep streets and gutters free of any mud, debris or materials. If OWNER fails to maintain streets in such condition which allows sweeping, CITY may remove any debris and deduct the cost thereof from any deposits which OWNER has placed with CITY.

M. PRECONSTRUCTION MEETING

OWNER agrees to meet with CITY at a preconstruction meeting. OWNER'S contractors and subcontractors for public improvements shall be required to attend the preconstruction meeting. Failure to do so shall draw a penalty of $150.00 per contractor and sub-contractor, and stoppage of work until a preconstruction meeting is held.

N. BUILDING MATERIALS RECYCLING

OWNER agrees to participate in any building materials recycling program as directed by CITY. Participation shall also be required by all of OWNER'S contractors and sub-contractors for both public improvements and home construction, to fullest extent possible.

(Signatures on Next Page)

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the day and year first above written.

CITY OF KERMAN

By: _____
John Jansons
City Manager

Date: _____

JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC.

By: _____
Joseph Donald Crown
President

Date: _____

Attest:

_____
Josie Camacho
City Clerk

Date: _____

Approved as to Form:

_____
Hilda Cantú Montoy
City Attorney

Date: _____

Approved as to Engineering Content:

_____
Jesus A. Gonzalez
City Engineer

Date: _____

(*Attach Notary Acknowledgements*)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Tract No. 6447

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF KERMAN, COUNTY OF FRESNO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 5, 6, 7, 8, and the East Quarter of Lots 25, 26, 27, and 28 of the Fresno Irrigated Farms Company Tract, recorded in Book 8, Page 1 of Record of Surveys, Fresno County Records, also being within the Northeast Quarter of Section 11, Township 14 South, Range 17 East, Mount Diablo Base and Meridian:

Excepting therefrom that portion lying east of the following described line:

COMMENCING at the East Quarter corner of said Section 11; thence South 89°52'32" West, along the South line of said Northeast Quarter, a distance of 660.73 feet; thence North 0°07'28" West, a distance of 20.00 feet to the South line of said Lot 8 and the Point of Beginning; thence continuing North 0°07'28" West, a distance of 1299.53 feet to a point on the North line of said Lot 5 said point being 680.22 feet westerly along said North line and prolongation thereof from the East line of said Northeast Quarter of Section 11, and also being the Point of Termination.

Also excepting therefrom all oil, gas and other hydrocarbons substances in and under said land as recorded in deed recorded February 26, 1947 in Book 2501, Page 160 as instrument No. 11347 of Official Records Fresno County.

EXHIBIT "B"

DEVELOPMENT IMPACT FEES

Tract No. 6447

EXHIBIT "B"

DEVELOPMENT IMPACT FEES

TRACT NO. 6447
Vesting Tentative Subdivision Map 2023-02
Owner: Joseph Crown Construction and Development, Inc.

VTM Appproved:	September 25, 2024
Impact Fee Schedule [1]:	2014 SFR
# Lots:	163

PART I: DEVELOPMENT IMPACT FEES DUE AT FINAL INSPECTION OR CERTIFICATE OF OCCUPANCY

Fee Description	Quantity	Rate	Extension	Adjusted Fee [2]	Fee Per Lot
Administrative Fee	163 UN	$ 500.00	$ 81,500	$ 81,500	$ 500.00
Public Building Facilities & Equipment	163 UN	$ 1,324.00	$ 215,812	$ 215,812	$ 1,324.00
General Plan	163 UN	$ 296.00	$ 48,248	$ 48,248	$ 296.00
Fire Station & Equipment	163 UN	$ 730.00	$ 118,990	$ 118,990	$ 730.00
Storm Drain Basin Acquisition	163 UN	$ 252.00	$ 41,076	$ 41,076	$ 252.00
Storm Drain Facilities	163 UN	$ 1,043.00	$ 170,009	$ 170,009	$ 1,043.00
Water Front Footage	0 LF	$ 15.00	$ -	$ -	$ -
Water Oversize	163 UN	$ 304.00	$ 49,552	$ 22,252	$ 136.52
Water Major Facilities [3]	163 UN	$ 2,126.00	$ 346,538	$ 318,413	$ 1,953.45
Sewer Front Footage	0 LF	$ 16.00	$ -	$ -	$ -
Sewer Oversize	163 UN	$ 554.00	$ 90,302	$ 90,302	$ 554.00
Sewer Major Facilities	163 UN	$ 2,349.00	$ 382,887	$ 382,887	$ 2,349.00
Parks - Development	163 UN	$ 2,706.00	$ 441,078	$ 441,078	$ 2,706.00
Parks - Quimby	163 UN	$ 759.00	$ 123,717	$ 123,717	$ 759.00
Major Streets	163 UN	$ 1,545.00	$ 251,835	$ 191,146	$ 1,172.68
Street Signals	163 UN	$ 159.00	$ 25,917	$ 25,917	$ 159.00
Railroad Crossings	163 UN	$ 263.00	$ 42,869	$ 42,869	$ 263.00
Outside Travel Lane	163 UN	$ 310.00	$ 50,530	$ 50,530	$ 310.00
TOTAL			$ 2,480,860	$ 2,364,746	$ 14,507.65

Notes:
1) Development was approved as a Vesting Tentative Map, which sets fees at rate in effect at time of approval. Vesting rights expire two years after recording of Final Map.
2) Refer to Part II for fee adjustments.
3) Valuation of two dedicated lots for future well 33 construction, at the southeast corner of Kenneth and Monterey Avenues.

EXHIBIT "B"

DEVELOPMENT IMPACT FEES

TRACT NO. 6447

Vesting Tentative Subdivision Map 2023-02

Owner: Joseph Crown Construction and Development, Inc.

VTM Appproved:	September 25, 2024
Impact Fee Schedule [1]:	2014 SFR
# Lots:	163

PART II: DEVELOPMENT IMPACT FEE ADJUSTMENTS/REIMBURSEMENTS

Fee Description	Previous Credit	Credit [2]	Total Credit	Original Fee Obligation	Adjusted Obligation	Potential Reimbursement
Administrative Fee	$ -	$ -	$ -	$ 81,500	$ 81,500	$ -
Public Building Facilities & Equipment	$ -	$ -	$ -	$ 215,812	$ 215,812	$ -
General Plan	$ -	$ -	$ -	$ 48,248	$ 48,248	$ -
Fire Station & Equipment	$ -	$ -	$ -	$ 118,990	$ 118,990	$ -
Storm Drain Basin Acquisition	$ -	$ -	$ -	$ 41,076	$ 41,076	$ -
Storm Drain Facilities	$ -	$ -	$ -	$ 170,009	$ 170,009	$ -
Water Front Footage	$ -	$ -	$ -	$ -	$ -	$ -
Water Oversize	$ -	$ 27,300	$ 27,300	$ 49,552	$ 22,252	$ -
Water Major Facilities [3]	$ -	$ 28,125	$ 28,125	$ 346,538	$ 318,413	$ -
Sewer Front Footage	$ -	$ -	$ -	$ -	$ -	$ -
Sewer Oversize	$ -	$ -	$ -	$ 90,302	$ 90,302	$ -
Sewer Major Facilities	$ -	$ -	$ -	$ 382,887	$ 382,887	$ -
Parks - Development	$ -	$ -	$ -	$ 441,078	$ 441,078	$ -
Parks - Quimby	$ -	$ -	$ -	$ 123,717	$ 123,717	$ -
Major Streets	$ -	$ 60,689	$ 60,689	$ 251,835	$ 191,146	$ -
Street Signals	$ -	$ -	$ -	$ 25,917	$ 25,917	$ -
Railroad Crossings	$ -	$ -	$ -	$ 42,869	$ 42,869	$ -
Outside Travel Lane	$ -	$ -	$ -	$ 50,530	$ 50,530	$ -
TOTAL	$ -	$ 116,114	$ 116,114	$ 2,480,860	$ 2,364,746	$ -

Notes:

1) Development was approved as a Vesting Tentative Map, which sets fees at rate in effect at time of approval. Vesting rights expire two years after recording of Final Map.
2) Refer to Part III for construction credit calculations. The amount of each credit is an estimate and will be updated as appropriate based on documented construction costs submitted to the City for review at final acceptance.
3) Valuation of two dedicated lots for future well 33 construction, at the southeast corner of Kenneth and Monterey Avenues.

EXHIBIT "B"

DEVELOPMENT IMPACT FEES

TRACT NO. 6447

Vesting Tentative Subdivision Map 2023-02

Owner: Joseph Crown Construction and Development, Inc.

PART III: CONSTRUCTION CREDIT CALCULATIONS

Item Description	Quantity	Unit		Unit Cost		Extension
Water Oversize						
Kearney Blvd - 12" water main	325.00	LF	$	84.00	$	27,300.00
Water Major Facilities						
Land cost for future well 33 construction at the southeast corner of Kenneth and Monterey Avenues	12,500.00	SF	$	2.25	$	28,125.00
Major Streets						
Kearney Blvd - inside lane AC pavement	178.00	Tons	$	110.88	$	19,736.64
Kearney Blvd - Median curb	641.00	LF	$	24.00	$	15,384.00
Kearney Blvd - Median landscaping	3,196.00	SF	$	8.00	$	25,568.00
				Total Credit =	$	116,114.00

Notes:

WHEN RECORDED MAIL TO:

City Clerk
City of Kerman
850 S. Madera Ave.
Kerman, CA 93630

NO FEE - Government Code 6103 & 27383

STATEMENT OF COVENANTS AFFECTING LAND DEVELOPMENT ACKNOWLEDGING RIGHT-TO-FARM LAW FOR THE FINAL MAP OF TRACT NO. 6447

This covenant and agreement is made by and between the City of Kerman, a general law city ("City"), and JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC., a California corporation ("Covenantor") located at 5320 E. Pine, Fresno, CA 93727 and is effective the date first appearing on the Clerk's Attestation and signature for the City of Kerman.

RECITALS

WHEREAS, Covenantor is the owner of that certain real property in the City of Kerman, County of Fresno, State of California, hereinafter referred to as the "Subject Property" and more particularly described as follows and by this reference made a part of this Statement of Covenant:

> Lots 1 through 163, inclusive, of the Final Map of Tract No. 6447, according to the map thereof recorded on _____, 20____ in Volume _____ of Plats at Page(s) _____, Fresno County Records

The Subject Property is generally located on Kearney Boulevard approximately 1,000' west of Siskiyou Avenue; and

WHEREAS, Covenantor hereby warrants that any and all parties having record title interest in the Subject Property which may ripen into a fee have subordinated to this instrument and that all such instruments of Subordination, if any, are attached hereto and made a part of this instrument; and

WHEREAS, Covenantor has filed with City a Final Map of Tract No. 6447, hereinafter referred to as the "Final Map;" and

WHEREAS, City desires to obtain covenants from Covenantor to insure the Subject Property is not developed, used, or maintained in such a way as to adversely affect adjoining properties.

COVENANTS, CONDITIONS, AND RESTRICTIONS

For favorable action on, and approval of, Covenantor's application for approval of said Final Map, Covenantor hereby covenants the Subject Property shall be held, conveyed, encumbered, used, occupied, developed, maintained, and improved subject to the following covenants, conditions, and restrictions, which are for the purpose of enhancing attractiveness, usefulness, value, and desirability of the Subject Property, the surrounding property, and the public at large and to minimize possible adverse effects on the public health, safety, peace, and general welfare. Each of the covenants, conditions, and restrictions contained in this Statement of Covenant will run with the Subject Property and shall be binding on each successive owner of the Subject Property and his/her/its heirs, administrators, successors, and assigns.

1. Covenantor hereby acknowledges the declared policy of the City of Kerman and

the County of Fresno is to preserve, protect, and encourage development of its agricultural land and industries and that the subject property is near agricultural districts which are located in the City of Kerman and County of Fresno and that the residents of said property should be prepared to accept the inconveniences and discomfort associated with normal farm activities. Consistent with this policy, Covenantor acknowledges and agrees to comply with California Civil Code section 3482.5 (Right to Farm Law), which provides that "No agricultural activity, operation, or facility, or appurtenances thereof, conducted or maintained for commercial purposes, and in a manner consistent with proper and accepted customs and standards, as established and followed by similar agricultural operations in the same locality, shall be or become a nuisance, private or public, due to any changed condition in or about the locality, after it has been in operation for more than three years if it was not a nuisance at the time it began. California Civil Code section 3482.5 is incorporated into this Statement of Covenants as if set forth in full herein."

2. Covenantor further agrees that no agricultural pursuit, activity, operation, or facility that is consistent with the City of Kerman's general plan and the City of Kerman's zoning ordinance, including legal nonconforming uses, and is conducted or maintained for commercial purposes in a manner consistent with proper and accepted customs and standards as established and followed by similar agricultural operations in Fresno County, shall be or become a nuisance, private or public, due to any changed condition in the vicinity of that agricultural pursuit, activity, operation, or facility, after it has been in operation for more than three years if it was not a nuisance at the time it began, provided that the agricultural pursuit, activity, operation, or facility does not unlawfully obstruct the free passage or use, in the customary manner, of any navigable lake, river, bay, stream, canal, or basin, or any public park, square, street, or highway.

3. The conditions of this Statement of Covenant are intended to benefit the public and public properties, including preserving agricultural land and by promoting a good neighbor policy with agricultural uses. Accordingly, City shall have the right to enforce this Statement of Covenant by any legal or equitable means against Covenantor and such person or persons in actual possession of Subject Property who directly or who through any agent violate the terms hereof.

4. This Statement of Covenant shall burden the Subject Property and constitute a covenant running with the land in favor of and for the benefit of City shall be binding upon the successors, transferees, assigns and heirs of Covenantor. Persons intended to benefit from the conditions of this Statement of Covenant, such as those with an agricultural pursuit, activity, operation, facility, or appurtenances thereof, may also have the right to enforce this Statement of Covenant. Covenantor consents to the recordation of this Agreement with the Fresno County Recorder.

5. The conditions and obligations of this Statement of Covenant shall remain in full force and effect until such time as City finds enforcement of such conditions and obligations are no longer equitable thereafter records a release with the Fresno County Recorder.

6. If either party is required to commence any proceeding or legal action to enforce or interpret any term or condition of this Statement of Covenant, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses. For the purposes of this Statement of Covenant, "attorneys' fees" and "legal expenses" include, without limitation, paralegals' fees and expenses, attorneys, consultants fees and expenses, expert witness fees and expenses, and all other expenses incurred by the prevailing party's attorneys in the course of the representation of the prevailing party in anticipation of and/or during the course of litigation, whether or not otherwise recoverable as "attorneys' fees" or as "costs" under California law, and the same may be sought and awarded in accordance with California procedure as pertaining to an award of contractual attorneys' fees.

7. The provisions of this Statement of Covenant shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof. Whenever the context so requires, any gender includes the other genders, the singular includes the plural, and the plural includes the singular.

(Signatures on following page)

IN WITNESS WHEREOF, the Parties hereto have duly executed this Statement of Covenant.

CITY OF KERMAN,
a Municipal Corporation

By:_____
John Jansons, City Manager

(*Attach Notary Acknowledgment*)

COVENANTOR
JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC.,
a California Corporation

By:_____
Joseph Donald Crown, President

(*Attach Notary Acknowledgment*)

ATTEST:

By: _____
Josie Camacho, City Clerk

Date: _____

APPROVED AS TO FORM:

By:_____
Hilda Cantu Montoy
City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____
On _____, 202__ before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
- ☐ CORPORATE OFFICER

_____
TITLE(S)

- ☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
- ☐ ATTORNEY-IN-FACT
- ☐ TRUSTEE(S)
- ☐ GUARDIAN/CONSERVATOR
- ☐ OTHER_____

_____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

_____
_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

WHEN RECORDED MAIL TO:

City Clerk
City of Kerman
850 S. Madera Ave.
Kerman, CA 93630

NO FEE - Government Code 6103 & 27383

APN: 020-140-22S and 020-140-23S
TRACT NO. 6447

COVENANT REGARDING LAND DEVELOPMENT FOR THE FINAL MAP OF TRACT NO 6447 "KERMAN LANDSCAPE AND LIGHTING DISTRICT NO. 1"

This covenant and agreement is by and between the City of Kerman, a general law city ("City"), and **JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC.,** a California corporation ("Covenantor") located at 5320 E. Pine, Fresno, CA 93727, and is effective the date first appearing on the Clerk's Attestation and signature for the City of Kerman.

RECITALS

A. Covenantor is the owner and developer of that certain real property in the City of Kerman, County of Fresno, State of California, hereinafter referred to as "the Subject Property," which is generally depicted on Exhibit 'A' and more particularly described as:

> Lots 1 through 163, inclusive, of the Final Map of Tract No. 6447, according to the map thereof recorded on _____, 20____ in Volume _____ of Plats at Page(s) _____, Fresno County Records

B. A condition of approval of Vesting Tentative Subdivision Map 2023-02 is a requirement that, prior to Final Map recordation, the Covenantor will annex the property to the Kerman Landscaping and Lighting District #1 ("LLD No. 1") to levy and collect assessments to cover the cost of maintaining all streetlights, landscaping, and irrigation systems within the LLD No. 1 public right-of-way, and to cover the cost of maintaining special amenities located within the LLD No. 1 public right-of-way or easements, including, but not limited to, maintaining masonry walls, storm water holding ponds, and roundabouts. The Covenantor is also required to disclose to all potential lot buyers that the Tract has been annexed into LLD No. 1. Said condition is set forth in Resolution No. 24-79 as Condition No. G.3 (hereafter "LLD Condition").

C. The Covenantor and the City desire to enter into this covenant ("Covenant") providing for such annexation and notice to satisfy the LLD Condition for the Subject Property portion of Vesting Tentative Subdivision Map 2023-02.

COVENANT AND AGREEMENT

In consideration of the foregoing recitals which are incorporated by reference and to satisfy the LLD Condition, the Covenantor hereby covenants, promises, and agrees with the City for the benefit of the City and benefitted properties that the Subject Property shall be held, conveyed, encumbered, used, occupied, developed, maintained, and improved subject to the following

covenants, conditions, and restrictions, which are for the purpose of enhancing attractiveness, usefulness, value, desirability, and safety of the Subject Property, the surrounding property and the public at large, and to minimize possible adverse effects on the public health, safety, peace, and general welfare. Each of the covenants, conditions, and restrictions contained in this Covenant shall run with the Subject Property and shall be binding upon and inure to the benefit of each successive owner of the Subject Property and Covenantor's heirs, successors, and assigns during Covenantor's ownership thereof.

1. The Covenantor agrees that prior to the recordation of Vesting Tentative Map No. 6447, Covenantor will annex the property to LLD No. 1 to be levied and assessments collected to cover the cost of maintaining streetlights, landscaping, and irrigation systems within the LLD No. 1 public right-of-way, and to cover the cost of maintaining special amenities located within the LLD No. 1 public right-of-way or easements, including, but not limited to, maintaining masonry walls, storm water holding ponds, and roundabouts.

2. The Covenantor agrees to disclose to all potential lot buyers, prior to transfer of ownership, that the parcel within the Subject Property is part of LLD No. 1.

3. The conditions of this Covenant are intended to benefit the Subject Property, the public, the City and its public properties. Accordingly, it is agreed the City shall have the right to enforce this Covenant by any legal or equitable means, including, but not limited to, obtaining an order of specific performance, against the Covenantor and such person or persons in actual possession of Subject property who directly or who through any agent violate the terms hereof.

4. The waiver by either party of a breach by the other of any provision of this Covenant shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Covenant. No provisions of this Covenant may be waived unless in writing and signed by all parties to this Covenant. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

5. If either party is required to commence any proceeding or legal action to enforce or interpret any term or condition of this Covenant, including enforcement of a lien thereunder or under LLD No. 1, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses. For the purposes of this Covenant, "attorneys' fees" and "legal expenses" include, without limitation, paralegals' fees and

expenses, attorneys, consultants fees and expenses, expert witness fees and expenses, and all other expenses incurred by the prevailing party's attorneys in the course of the representation of the prevailing party in anticipation of and/or during the course of litigation, whether or not otherwise recoverable as "attorneys' fees" or as "costs" under California law, and the same may be sought and awarded in accordance with California procedure as pertaining to an award of contractual attorneys' fees.

6. The provisions of this Covenant shall be deemed independent and severable and the validity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof. Whenever the context of the Covenant so requires, in interpreting this Covenant, any gender includes the other genders, the singular includes the plural, and the plural includes the singular.

7. This Covenant shall not be deemed to confer any rights upon any individual or entity which is not a party hereto. The parties hereto expressly disclaim any such third-party benefit.

8. This Covenant may be amended only by a written instrument signed by both the City and the record owner of the Subject Property. Such instrument must be recorded in the Official Records of the County of Fresno.

9. This Covenant may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

///

IN WITNESS WHEREOF, the parties duly executed this Covenant.

City:
CITY OF KERMAN
a Municipal Corporation

By: _____
John Jansons,
City Manager

ATTEST:

By: _____
Josie Camacho,
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Hilda Cantu Montoy,
City Attorney

Covenantor:
JOSEPH CROWN CONSTRUCTION AND DEVELOPMENT, INC.,
a California Corporation

By: _____
Joseph Donald Crown,
President

(*Attach Notary Acknowledgments*)

Exhibit 'A'
General Depiction of the Subject Property

