



STAFF REPORT

MEETING DATE: June 14, 2023

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Adopting the Fiscal Year 2023/2024 Kerman Public Finance Authority Budget (JA)

RECOMMENDATION: Finance Authority by motion approve resolution adopting fiscal year 2023/2024 Kerman Public Finance Authority Budget.

EXECUTIVE SUMMARY:

In October 2007 the Kerman Public Finance Authority (PFA) issued Lease Revenue Bonds in the amount of \$3,930,000 for improvements to City Hall, purchase of the building at 942 S Madera Ave. and acreage for Hart Ranch Park.

In September 2020, the Kerman Public Financing Authority refinanced the 2007 Bond achieving a reduction on interest rate from 4.75% to 2.31% with the same lease terms. The 2020 Lease revenue Bond amounts to \$3,041,000. The principal payments are made on October 1st beginning in 2022 and ending in 2037. The interest is to be paid semi-annually on April 1st and October 1st through 2037.

The PFA activity consists of the collection of lease payments from the City of Kerman and the redistribution of these funds to bondholders. For Fiscal Year 2023/2024 these annual payments total \$240,510.

FISCAL IMPACT:

The PFA collects lease payments and bi-annually debt service payments are paid to Webster Bank, the lender.

ATTACHMENTS:

A. Resolution w/Exhibit

RESOLUTION NO. 23-___

**RESOLUTION OF THE KERMAN PUBLIC FINANCING AUTHORITY OF THE
CITY OF KERMAN ADOPTING THE FISCAL YEAR 2023/2024 BUDGET**

The Board of Directors of the Kerman Public Finance Authority does resolve as follows:

SECTION 1: The Board of Directors finds and declares as follows:

The Board of Directors has reviewed the proposed final Kerman Public Finance Authority Budget ("Budget") for Fiscal Year 2023/2024 and determines as follows:

- A. The Budget is based upon annual debt service payments and administrative fees;
- B. All procedural requirements for adopting the Budget were fulfilled and the Board of Directors was fully informed regarding the Authority's current finances, projected revenue and financial obligations; and
- C. It is in the public interest for the Board of Directors to adopt the Public Finance Authority Budget as proposed by the Executive Director.

SECTION 2: ADOPTION The Budget attached to this resolution, and incorporated by reference, in Exhibit 'A' is approved and adopted subject only to the authorizations set forth below.

SECTION 3: BUDGET APPROPRIATIONS Based upon the Budget, the total Fiscal Year 2023/2024 appropriation for the Public Finance Authority is \$240,510. The Executive Director, or designee, is authorized to implement the appropriations as detailed in the Budget.

SECTION 4: BUDGET ADJUSTMENTS The Budget may be subsequently adjusted as follows:

- A. By majority vote of the Board of Directors;
- B. By the Executive Director, or designee, for all appropriation transfers between line items within the Authority's fund.

SECTION 5: This resolution will become effective immediately upon adoption and will remain effective unless amended, repealed or superseded.

(Certification on Next Page)

The foregoing resolution was introduced at a regular meeting of the Kerman Public Finance Authority, held on the 14th day of June 2022, and adopted at said meeting by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Bill Nijjer
Chair Person

ATTEST:

Marci Reyes
Secretary

Exhibit 'A'

City of Kerman Public Financing Authority (PFA) Revenue Summary (130)

Description					Audited 2020-2021	Audited 2021-2022	Adopted 2022-2023	Estimated Year- End	Budget 2023-2024	
130	0000	361	02	00	Lease Income	\$241,867	\$242,628	\$242,628	\$67,124	\$240,510
130	0000	375	00	01	2020 Bond Proceeds-Sterling National	\$0	\$3,041,000	\$0	\$0	\$0
					\$241,867	\$3,283,628	\$242,628	\$67,124	\$240,510	

Budget Highlights:

Lease Income is collected from various City funds to service their portion of the debt. The breakdown of those cost allocations can be seen on PFA Annual Lease Payment. In September 10, 2020 the City of Kerman refinanced the 2007 Lease Revenue Bonds and entered into a new lease agreement with the Kerman Public Finance Authority (PFA) for the amount of \$3,041,000. With the refinance the City of Kerman was able to generate some savings by reducing the interest rate. The principal payments are made every October 1, beginning in 2022 and terminating in 2037. Interest is paid semi-annually each April and October, the new interest rate is 2.31%

City of Kerman Public Financing Authority Fiscal Year 2023/2024 Budget

Description					Audited 2020-2021	Audited 2021-2022	Adopted 2022-2023	Estimated Year- End	Budget 2023-2024	
Acquisition										
130	8000	600	01	96	Community Park	\$0	\$0	\$0	\$0	\$0
Sub-Total					0	0	0	0	0	
Maintenance and Operations										
130	5005	510	10	00	Professional Services-Admin Fee	75,607	1,500	1,500	-	0
Sub-Total					75,607	1,500	1,500	-	0	
Debt Service										
130	5005	700	01	00	Debt Service - Principal	2,905,000	110,000	-	64,370	173,000
130	5005	700	02	00	Debt Service - Interest	99,614	131,128	70,247	69,878	67,510
Sub-Total					3,004,614	241,128	70,247	134,247	240,510	
Total Expenditures					\$3,080,221	\$242,628	\$71,747	\$134,247	\$240,510	

Budget Highlights:

Bond 2007 was refinanced in FY 20-21, therefore through the financial transaction the debt was paid off with the issued funds of 2020 Revenue Bond

City of Kerman
Annual Bond Lease Payment Breakdown
Fiscal Year 2023/2024

Projects

Fund	City Hall Expansion		Community Park		Bruno Property		Total
	Total Project	\$2,457,413	Total Project	\$583,587	Total Project	0	3,041,000
		80.81%		19.19%		0.00%	
General Fund	12.5%	24,294			100%	0	24,294
Facilities	30%	58,306.33					58,306
Parks			50%	23,078			23,078
Quimby			50%	23,078			23,078
Water	25%	48,588.60					48,589
Sewer	20%	38,870.88					38,871
Solid Waste	10%	19,435.44					19,435
Storm Drain	1%	1,943.54					1,944
LL&MD	1.5%	2,915					2,915
		\$194,354		\$46,155		\$0	\$240,510

FY 23/24
Payment \$240,510

Allocations:
City Hall 194,354
Comm Park 46,155
Bruno Prop. 0
 240,510