



STAFF REPORT

MEETING DATE: August 13, 2025

PRESENTER: John Jansons, City Manager
Josefina Alvarez, Finance Director

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.

EXECUTIVE SUMMARY:

The City of Kerman (City) owns real property located at 942 South Madera Avenue and currently leases that property to Valley Health Team for dental and medical offices.

The current capital financing project underway by the City requires certain City assets be pledged as security for the financing issuance. The City property at 942 South Madera is included in that program and the current lease with Valley Health Team is recommended to be assigned to the Kerman Public Financing Authority (Authority) to secure the financing.

The Resolution (**Attachment 'A'**) and Assignment of Lease (**Exhibit '1'**) will authorize the City Manager to assign the lease on behalf of the City and to accept the assignment as Executive Director of the Authority for the real property leasehold interest of 942 South Madera Avenue.

COORDINATION AND REVIEW:

The recommendation has been coordinated with Bond Counsel and has been approved by the City Attorney.

FISCAL IMPACT:

The recommended action is necessary to secure project financing and poses no negative fiscal impact to the City or Authority.

ATTACHMENTS:

- A. Resolution w/Exhibit

RESOLUTION NO. 25-__

**A RESOLUTION OF THE CITY OF KERMAN AND THE KERMAN PUBLIC FINANCING AUTHORITY
APPROVING ASSIGNMENT OF LEASE OF 942 SOUTH MADERA AVENUE TO FACILITATE
CAPITAL PROJECTS FINANCING STRATEGY**

WHEREAS, the City of Kerman (the "City") and the Kerman Public Financing Authority (the "Authority"), are a joint exercise of powers authority organized and existing under the laws of the State of California; and

WHEREAS, the Authority has authorized the issuance 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 funds to enable the Authority to pay a lease payment to the City in accordance with a Site Lease; and

WHEREAS, in order to provide revenues sufficient to enable the Authority to pay debt service on the Bonds, the Authority has agreed to lease property that is the subject of the Site Lease, which includes the Leased Property, back to the City under a Lease Agreement dated as of October 1, 2025 (the "Leaseback Agreement") under which the City agrees to make semiannual Lease Payments as rent for certain parcels of real property, which includes the Leased Property; and

WHEREAS, the office building portion of the Leased Property is currently subject to a Lease Agreement dated as of October 1, 2010 (the "VHT Lease"), by and between the City, as lessor, and Valley Health Team, Inc., as tenant; and

WHEREAS, the Authority has requested the City to enter into this Assignment for the purpose of assigning certain of its rights under the VHT Lease, including any amendments or extensions thereto entered into so long as the Bonds are outstanding, to the Authority, for the benefit of the Bond owners, and to facilitate the financing structure.

NOW, THEREFORE, the City Council of the City of Kerman and the Kerman Public Financing Authority does hereby resolve as follows:

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

Section 2: The City hereby assigns to the Authority, for the benefit of the owners of the Bonds, all of the City's rights under the VHT Lease, including but not limited to:

- (a) the right to receive and collect all of the lease payments from the VHT under the VHT Lease, and

- (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 VHT Lease as may be necessary or convenient (i) to enforce payments due under the VHT Lease.

Section 3: The Authority and the City acknowledge and agree that, as contemplated by the Leaseback Agreement, the City shall continue to administer the VHT Lease and shall have the right to make any amendments or extensions thereto, which administration, amendments and extensions, if any, shall all be for the benefit of the Authority and not adverse to the owners of the Bonds, so long as the Bonds are outstanding.

Section 4: The Authority may at any time assign its rights under this Assignment to the Trustee to enable the Trustee to administer all of the rights assigned to it by the Authority in accordance with the provisions of the Indenture and an assignment by the Authority to the Trustee of the Leaseback Agreement, for the benefit of the owners of Bonds. Such assignment to the Trustee, if and when made, shall be irrevocable so long as the Bonds are outstanding.

Section 5: The Authority hereby accepts the assignments made herein for the purpose of securing the payments due on the Bonds.

Section 6: This Assignment may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement.

Section 7. This resolution is effective upon adoption.

The foregoing resolution was adopted by the City Council of the City of Kerman and the Kerman Public Financing Authority at a regular meeting held on the 13th 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