



STAFF REPORT

MEETING DATE: June 12, 2024

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Resolution Adopting the Fiscal Year 2024/2025 Kerman Public Finance Authority Budget (JA)

RECOMMENDATION: Council by motion approve resolution adopting Fiscal year 2024/2025 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 Avenue 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 outstanding balance as of June 30, 2023 is \$3,009,000.

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 2024/2025 these annual payments total \$240,467.

FISCAL IMPACT:

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

ATTACHMENTS:

- A. Resolution of the Kerman Public Financing Authority Adopting the Fiscal Year 2024/2025 Budget with Exhibit

RESOLUTION NO. 24-__

**RESOLUTION OF THE KERMAN PUBLIC FINANCING AUTHORITY ADOPTING THE
FISCAL YEAR 2024/2025 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 2024/2025 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 2024/2025 appropriation for the Public Finance Authority is \$240,467. 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 adopted by the Kerman Public Finance Authority at a regularly scheduled meeting held on the 12th day of June, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

ATTEST:

Maria Pacheco
Mayor

Josie Camacho
City Clerk

Exhibit 'A'

					Description	Audited 2021/2022	Audited 2022/2023	Adopted 2023/2024	Estimated Year/ End	Budget 2024/2025
130	0000	361	02	00	Lease Income	\$70,247	\$101,878	\$240,510	\$240,510	\$240,467
						\$70,247	\$101,878	\$240,510	\$240,510	\$240,467

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 2024/2025 Budget

Description						Audited 2021/2022	Audited 2022/2023	Adopted 2023/2024	Estimated Year- End	Budget 2024/2025
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	0	0	0	0	0
Sub-Total						75,607	1,500	1,500	0	0
Debt Service										
130	5005	700	01	00	Debt Service - Principal	0	32,000	173,000	173,000	177,000
130	5005	700	02	00	Debt Service - Interest	70,247	69,878	67,510	67,510	63,467
Sub-Total						70,247	101,878	240,510	240,510	240,467
Total Expenditures						\$145,854	\$101,878	\$240,510	\$240,510	\$240,467

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