TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER Department: ADMINISTRATIVE SERVICES

DATE: APRIL 8, 2002 CMR: 197:02

SUBJECT: APPROVAL OF PUBLIC IMPROVEMENT CORPORATION FINANCIAL STATEMENTS

RECOMMENDATION
Staff recommends that the Board of Directors of the Public Improvement Corporation (PIC) approve the 2000-2001 financial statements for the Public Improvement Corporation.

BACKGROUND
On July 13, 1998 Council adopted a resolution establishing itself as the Board of Directors of the Palo Alto Public Improvement Corporation (PIC). The PIC is a nonprofit corporation that allows the City to issue Certificates of Participation (COPs) to fund capital improvements. In 1983 and 1998 the City of Palo Alto issued Certificates of Participation (COPs) to fund improvements to the Civic Center and the Golf Course, respectively. The Board of Directors of the Corporation is required to meet at least annually and approve the financial statements for the Corporation. The City Council is required to meet annually as the Board of the PIC. The Board has no substantive oversight responsibilities, as it assigns all rights to receive lease payments over to the Trustee (U.S. Bank Trust) for the benefit of the investors.

DISCUSSION
The attached financial statements show the financial condition of the Palo Alto Public Improvement Corporation. All debt service payments have been made on time and all financial requirements, such as the maintenance of reserves, have been met. At year-end, June 30, 2001, total outstanding debt (principal and interest) on the COPs equaled $15 million. Debt service payments on the Civic Center will be retired in 2011-2012 and on the Golf Course in 2017-2018.

RESOURCE IMPACT
Approval of the Public Improvement Corporation’s financial statements will have no resource impact.
POLICY IMPLICATIONS
Approval of the Public Improvement Corporation’s financial statements is consistent with prior Council policy direction and resolutions.

ENVIRONMENTAL REVIEW
This is not a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS
Attachment A: City of Palo Alto Public Improvement Corporation Financial Statements for the Years Ended June 30, 2001 and 2000

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