

**PALO ALTO
PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)**

Annual Financial Report

For the Year Ended June 30, 2024

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
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For the Year Ended June 30, 2024

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Independent Auditor's Report

Board of Director of the
Palo Alto Public Improvement Corporation
The Honorable Mayor and
Members of the City Council of the
City of Palo Alto, California

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Palo Alto Public Improvement Corporation (Corporation), a component unit of the City of Palo Alto, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Corporation as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Walnut Creek, California
November 8, 2024

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Management's Discussion & Analysis (Unaudited)
For the Year Ended June 30, 2024

The Palo Alto Public Improvement Corporation (Corporation), a component unit of the City of Palo Alto (City), follows the provisions of Governmental Accounting Standards Board (GASB). The Corporation is controlled by the City and was organized to assist the City in financing public improvements. The Corporation issues debt and turns the proceeds of the debt over to the City under lease agreements that provide a revenue source for the repayment of this debt. The Corporation has three outstanding debts and has turned over the proceeds to the City, which pledged certain lease payments as collateral for this debt as discussed in Note 4 to the financial statements.

FINANCIAL HIGHLIGHTS

GASB requires the issuance of government-wide financial statements as well as fund financial statements. The government-wide financial statements report the balance of the Corporation's long-term debt while the individual fund statements do not.

In fiscal year 2018, the City issued 2018 Capital Improvement Project and Refinancing Certificates of Participation (2018 COPs) in the amount of \$9.0 million to refinance the 2002B Downtown Parking Improvements Certificates of Participation remaining balance of \$0.8 million, and also to fund the Palo Alto Municipal Golf Course renovations.

In fiscal year 2019, the City issued the 2019 California Avenue Parking Garage tax exempt Series A and taxable Series B Certificates of Participation (2019A and 2019B COPs) in the amount of \$26.8 million plus \$4.9 million premium, and \$10.6 million, respectively. The 2019A and 2019B COPs were issued to fund the construction of the new California Avenue parking garage.

In fiscal year 2021, the City issued the 2021 Public Safety Building Certificates of Participation (2021 COPs) in the amount of \$101.5 million plus \$6.5 million premium. The 2021 COPs were issued to fund the construction of the new public safety building.

As of June 30, 2024, the Corporation has the following outstanding debt: the 2018 COPs, 2019A and 2019B COPs, and 2021 COPs.

At the government-wide level, the interest and fiscal agent charges were \$4.5 million for fiscal year 2024, an increase of \$0.2 million from the prior year. The interest on leases from the City of Palo Alto was \$4.5 million, an increase of \$1.6 million from the prior year. The increase is mainly due to the one-time usage of cash and investments held by the Corporation for interest payments in prior year.

The Corporation ended fiscal year 2024 with total assets of \$152.4 million, a decrease of \$3.4 million from the prior year. Total assets consisted of \$0.1 million in cash and investments, \$0.8 million of lease interest receivable from the City of Palo Alto, and \$151.5 million of investment in leases to the City of Palo Alto. The total liabilities were \$152.3 million, a decrease of \$3.4 million from the prior year. The decrease of assets and liabilities resulted from scheduled principal and interest payments of the 2018 COPs, the 2019A and 2019B COPs, and the 2021 COPs. As of June 30, 2024, the Corporation reported a \$0.1 million restricted net position.

At the fund level, the Corporation's revenues exceeded expenditures by \$17,000. As of June 30, 2024, the Corporation had one fund, the Debt Service Fund, which reported a \$0.1 million restricted fund balance.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

OVERVIEW OF THE CORPORATION'S BASIC FINANCIAL STATEMENTS

The annual financial report is comprised of two parts:

- 1) Management's discussion and analysis (this part),
- 2) The basic financial statements, which include the government-wide and the fund financial statements, along with the notes to these financial statements.

The basic financial statements comprise the government-wide financial statements and the fund financial statements. These two sets of financial statements provide two different views of the Corporation's financial activities and financial positions, both short-term and long-term.

The government-wide financial statements provide a long-term view of the Corporation's activities as a whole, and comprise the statement of net position and the statement of activities. The statement of net position provides information about the financial position of the Corporation as a whole, including all its long-term liabilities on the full accrual basis, similar to that used by corporations. The statement of activities provides information about all the Corporation's revenues and expenses on the full accrual basis, with the emphasis on measuring net revenues or expenses of the Corporation's program. The statement of activities explains in detail the change in net position for the year.

The fund financial statements report the Corporation's operations in more detail than the corporate-wide statements and focus primarily on the short-term activities of the debt service fund. Fund financial statements measure only current revenues and expenditures; current assets, liabilities and fund balances; and they exclude capital assets and long-term debt.

Together, these statements along with the notes to the financial statements are called the basic financial statements.

DEBT ADMINISTRATION

The Corporation issues debt in the form of Certificates of Participation (COPs) to be repaid from future lease receipts from the City. Legally, these COP issues are the Corporation's debt only; the City is liable only for the payment of the amounts set forth in the lease securing each debt issue.

As of June 30, 2024, the Corporation has the following outstanding debt (excluding premium): 2018 COPs, 2019A and 2019B COPs, and 2021 COPs with outstanding principal balances of \$8.0 million, \$34.4 million and \$99.4 million, respectively.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the City's Annual Comprehensive Financial Report.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

These basic financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Corporation's finances. Questions about these financial statements should be directed to the Finance Department of the City of Palo Alto, 250 Hamilton Avenue, Palo Alto, CA 94301.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto)
Statement of Net Position
June 30, 2024

Assets

Cash held for operations	\$ 97,168
Cash and investments held by trustee	4,876
Lease interest receivable	801,133
Investment in leases to the City of Palo Alto	151,459,015
Total assets	152,362,192

Liabilities

Interest payable	801,133
Long-term debt:	
Due in one year	3,578,253
Due in more than one year	147,880,762
Total liabilities	152,260,148

Net Position

Restricted for debt service	\$ 102,044
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See accompanying notes to financial statements.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto)
Statement of Activities
For the Year Ended June 30, 2024

Expenses

Interest and fiscal agent charges	\$ 4,447,773
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Program revenues

Interest on leases from the City of Palo Alto	<u>4,448,620</u>
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Net program revenues	847
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General revenues

Investment earnings	<u>15,846</u>
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Change in net position	16,693
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Net position, beginning of the year	<u>85,351</u>
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Net position, end of the year	<u><u>\$ 102,044</u></u>
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See accompanying notes to financial statements.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto)

Balance Sheet
Debt Service Fund
June 30, 2024

Assets

Cash held for operations	\$ 97,168
Cash and investments held by trustee	4,876
Lease interest receivable	801,133
Investment in leases to City of Palo Alto	151,459,015
Total assets	\$ 152,362,192

Deferred Inflows of Resources

Unavailable lease receipts from the City of Palo Alto	\$ 152,260,148
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Fund balance

Restricted for debt service	102,044
Total deferred inflows of resources and fund balance	\$ 152,362,192

Reconciliation of fund balance to net position

Fund balance restricted for debt service	\$ 102,044
Long-term receivables are not available to pay for current period expenditures and are considered unavailable on the governmental fund balance sheet.	152,260,148
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in governmental funds.	
Interest payable	(801,133)
Long-term debt due within one year	(3,578,253)
Long-term debt due in more than one year	(147,880,762)
Net position of governmental activities	\$ 102,044

See accompanying notes to financial statements.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto)
Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
For the Year Ended June 30, 2024

Revenues:

Lease receipts from the City of Palo Alto:	
Principal	\$ 3,025,000
Interest	4,880,640
Other	847
Investments earnings	15,846
Total revenues	7,922,333

Expenditures:

Debt service:	
Principal repayment	3,025,000
Interest and fiscal agent charges	4,880,640
Total expenditures	7,905,640

Net change in fund balance	16,693
Fund balance, beginning of the year	85,351
Fund balance, end of the year	\$ 102,044

Reconciliation of net change in fund balance to change in net position

Net change in fund balance - debt service fund	\$ 16,693
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Amounts reported for governmental activities in the statement of activities are different because:

Repayment of bond principal is an expenditure in the governmental funds, but in the statement of net position the repayment reduces long-term liabilities.	3,025,000
Interest accrued on long-term debt and amortization of bond premium do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in interest payable	24,614
Amortization of bond premium	408,253

Some amounts reported in the statement of revenues, expenditures and changes in fund balances reflect the timing of collection of assets which are not includable as revenues on the statement of activities.

Lease receipt for bond principal repayment	(3,025,000)
Lease receipt for interest payment	(24,614)
Impact of bond premium amortization on lease receipt	(408,253)
Change in net position of governmental activities	\$ 16,693

See accompanying notes to financial statements.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The Palo Alto Public Improvement Corporation (the Corporation) was incorporated in September 1983 under the General Nonprofit Corporation Law of the State of California to acquire, construct and lease capital improvement projects. The Corporation is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Corporation provides financing of public capital improvements for the City through the issuance of Certificates of Participation (COPs), a form of debt which allows investors to participate in a stream of future lease payments. Proceeds from the COPs are used to construct projects which are leased to the City for lease payments which are sufficient in timing and amount to meet the debt service requirements of the COPs.

The Corporation is an integral part of the City of Palo Alto, California (City). It primarily services the City and its governing body is composed of the City Council. Therefore, the financial data of the Corporation has also been included as a blended component unit within the City's annual comprehensive financial report for the year ended June 30, 2024.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the Corporation. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Corporation's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including investment earnings, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Corporation's funds. The emphasis of fund financial statements is on major individual funds, of which the Corporation only reports one debt service fund.

(b) Major Fund

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The Corporation has one fund which is reported as a major governmental fund in the accompanying financial statements as follows:

Debt Service Fund – This fund accounts for debt service payments on the Corporation's long-term debt.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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 revenues susceptible to accrual 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

(d) Investment in Leases

Improvements financed by the Corporation are leased to the City for their entire estimated useful life and will become the City property at the conclusion of the lease on November 1, 2050. The Corporation therefore records the present value of the lease and considers the leased improvement to have been sold for this amount when leased.

(e) Net Position

The government-wide financial statements utilize a net position presentation. Net position is further categorized as net investment in capital assets, restricted and/or unrestricted. As of June 30, 2024, the entire net position was considered restricted.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

(f) Deferred Inflows of Resources

A deferred inflow of resources is defined as an acquisition of net asset or fund balances applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. On the governmental fund balance sheet, the lease receipts from the City corresponding to the debt are recorded as deferred inflows of resources since the balances are not current financial resources.

(g) Fund Balances

At June 30, 2024, the Corporation's governmental fund's fund balances include the following classification:

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS HELD BY TRUSTEE

(a) Interest Rate Risk

Interest rate risk is the risk that a change in market interest rates will adversely affect the fair value of an investment. Normally, the longer it takes an investment to reach maturity, the greater will be that investment’s sensitivity to changes in market rates. Information about the sensitivity of the fair values of the Corporation’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Corporation’s investments by maturity:

Investment Type	Amount	Maturity Date
Money Market Mutual Fund	\$ 4,876	31 days

(b) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2024, the Corporation’s investments in money market mutual funds are rated AAAM by Standard & Poor’s.

(c) Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Corporation’s investments in money market mutual funds are not subject to the fair value hierarchy.

(d) Investment Policy

The Corporation must maintain required amounts of cash and investments by trustee under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Corporation fails to meet its obligation under these debt issues. The California Government Code (Code) requires these funds to be invested in accordance with bond indentures or State statutes. All these funds have been invested as permitted under the Code and bond indentures, including the cash held for operations invested in the City’s investment pool. The City’s investment policy is described in detail in the City’s Annual Comprehensive Financial Report.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

NOTE 3 – CASH AND INVESTMENTS HELD BY TRUSTEE (Continued)

The table below identifies the investment types that are authorized by the City’s investment policy. The table also identifies certain provisions of the City’s Investment Policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Securities	10 years (*)	N/A	No Limit	No Limit
U.S. Government Agency Securities	10 years (*)	N/A	No Limit (A)	No Limit
Certificates of Deposit	10 years (*)	N/A	20%	10% of the par value of portfolio
Bankers Acceptances	180 days	N/A	30%	\$5 million
Commercial Paper	270 days	A-1	15%	\$3 million (B)
Local Agency Investment Fund	N/A	N/A	No Limit	\$75 million per account
Short-Term Repurchase Agreements	1 year	N/A	No Limit	No Limit
City of Palo Alto Bonds	N/A	N/A	No Limit	No Limit
Money Market Deposit Accounts	N/A	N/A	No Limit	No Limit
Mutual Funds	N/A	N/A	20%	10%
Negotiable Certificates of Deposit	10 years (*)	N/A	10%	\$5 million
Medium-Term Corporate Notes	5 years	AA	10%	\$5 million
California State and Municipal and other 49 State Issued Bonds	10 years (*)	AA/AA2	40%	No Limit
Supranational	5 years	AA/AA2	20%	10% of the par value of portfolio

(A) Callable and multi-step securities are limited to no more than 25% of the par value of the portfolio, provided that: 1) the potential call dates are known at the time of purchase, 2) the interest rates at which they "step-up" are known at the time of purchase, and 3) the entire face value of the security is redeemed at the call date.

(B) The lesser of \$3 million or 10% of outstanding commercial paper of any one institution.

(*) The maximum maturity is based on the Investment Policy that is approved by the City Council and is less restrictive than the California Governmental Code.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

NOTE 4 – LONG-TERM DEBT

The Corporation’s long-term debt activities are presented below:

	Balance July 1, 2023	Retirements	Balance June 30, 2024	Amount due in one year
Certificates of Participation				
2018 Capital Improvement Project 2.20-4.22%, due 11/1/2047	\$ 8,185,000	\$ 200,000	\$ 7,985,000	\$ 205,000
2019 California Ave. Parking Garage Series A & B 2.5%-5%, due 11/1/2048	35,055,000	690,000	34,365,000	720,000
2021 Public Safety Building 2%-5%, due 11/1/2050	101,505,000	2,135,000	99,370,000	2,245,000
Add: Unamortized Premium	10,147,268	408,253	9,739,015	408,253
Total	\$ 154,892,268	\$ 3,433,253	\$ 151,459,015	\$ 3,578,253

On June 1, 2018, the City issued the 2018 Capital Improvement Project and Refinancing Certificates of Participation (2018 COPs) in the amount of \$9.0 million to fully refinance the 2002B Downtown Parking Improvement Project Certificates of Participation and to fund the renovation of the Palo Alto Municipal Golf Course. Principal payments are due annually on November 1 and interest payments semi-annually at various rates on May 1 and November 1. The 2018 COPs are secured by lease revenues received by the Corporation from any City’s General Fund revenue source.

On March 21, 2019, the City issued the 2019 California Avenue Parking Garage tax exempt Series A and taxable Series B Certificates of Participation (2019A and 2019B COPs) in the amount of \$26.8 million plus \$4.9 million premium, and \$10.6 million, respectively, for the construction of the new California Avenue Parking Garage. Principal payments are due annually on November 1 and interest payments semi-annually at various rates on May 1 and November 1. The 2019A and 2019B COPs are secured by lease revenues received by the Corporation from any City’s General Fund revenue source.

On March 24, 2021, the City issued the 2021 Public Safety Building Certificates of Participation (2021 COPs) in the amount of \$101.5 million plus \$6.5 million premium for the construction of the new public safety building. Principal payments are due annually on November 1 and interest payments semi-annually at various rates on May 1 and November 1. The 2021 COPs are secured by lease revenues received by the Corporation from any City’s General Fund revenue source.

PALO ALTO PUBLIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Palo Alto, California)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

NOTE 4 – LONG-TERM DEBT (Continued)

Future annual debt service on the outstanding debt is shown below:

For the Year Ending June 30,	Principal	Interest	Total
2025	3,170,000	4,729,196	\$ 7,899,196
2026	3,335,000	4,569,844	7,904,844
2027	3,495,000	4,402,268	7,897,268
2028	3,675,000	4,226,076	7,901,076
2029	3,865,000	4,040,594	7,905,594
2030-2034	22,180,000	17,292,031	39,472,031
2035-2039	26,485,000	12,950,680	39,435,680
2040-2044	30,650,000	8,726,392	39,376,392
2045-2049	35,065,000	3,750,799	38,815,799
2050-2051	9,800,000	221,738	10,021,738
	<u>\$ 141,720,000</u>	<u>\$ 64,909,618</u>	<u>\$ 206,629,618</u>

Events of Default and Acceleration Clauses

Generally, the Corporation is considered to be in default if the Corporation fails to pay the principal of and interest on the outstanding long-term debt when become due and payable. If an event of default has occurred and is continuing, the principal of the long-term debt, together with the accrued interest, may be declared due and payable immediately.