

STAFF REPORT

Lancaster Redevelopment Agency

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04/15/10
MVB

Date: April 15, 2010

To: Chairman Parris and Agency Directors

From: Mark Bozigian, Executive Director

Subject: **Resolution Regarding the Issuance of the Agency's Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 2010**

Recommendation:

Adopt **Resolution No. 08-10**, approving the forms of and authorizing the execution of a Trust Agreement, a Bond Purchase Contract, a Lease Agreement, a Continuing Disclosure Agreement, an Escrow Agreement and an Official Statement relating to the issuance of the Agency's Lease Revenue Refunding Bonds, Issue of 2010 and approving certain actions in connection therewith.

Fiscal Impact:

The refunding will result in an increase in total debt service paid by the City through lease payments; however it will also result in a reduction in annual debt service payments of approximately \$50,000.

Background:

On February 23, 2010 the City Council and Agency approved a Disposition and Development Agreement by and between the Agency and Lancaster Promenade II, LLC (the "Developer") pursuant to which the Agency agreed to sell property located on the southeast corner of Fig and Lancaster Blvd. to the Developer for construction of a movie theater and bookstore. A subsequent title search revealed that the property had been included together with the adjacent property upon which the Lancaster Performing Arts Center ("LPAC") is located as collateral in connection with the Agency's Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 1999 (the "1999 Bonds"), of which \$5,155,000 are currently outstanding. The property is not required as security for the 1999 Bonds which were sold on the basis of a lease of the LPAC; however, in order to remove the property from the Lease, it is necessary that we refund the 1999 Bonds.

The proposed issuance of the Agency's Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 2010 will accomplish this purpose and will insure that the Agency can move forward with the theater and bookstore project. It will also result in a reduction in annual debt service payments of approximately \$50,000.

The forms of the Trust Agreement, Lease Agreement, Preliminary Official Statement, Bond Purchase Contract, Escrow Agreement and Continuing Disclosure Agreement are on file with the City Clerk.

Attachment:

Resolution No. 08-10