

SM 1
02/14/12
MVB

**LANCASTER
REDEVELOPMENT AGENCY
MINUTES
January 24, 2012**

CALL TO ORDER

Chairman Crist called the regular meeting of the Redevelopment Agency to order at 5:02 p.m.

ROLL CALL

Present: Agency Directors: Harvey; Mann; Vice Chairman Smith; Chairman Crist

Agency Director Szeto arrived at 5:06 p.m.

Absent: None

Staff

Members: Executive Director; Deputy Executive Director; Agency Counsel; Assistant to the City Manager; Agency Secretary; Planning Director; Public Works Director; Parks, Recreation & Arts Director; Economic Development Director; Finance Director; Housing Director; Human Resources Director

INVOCATION

Pastor Dave Prather, Central Christian

PLEDGE OF ALLEGIANCE

Council Member/Authority Member Johnson

ADDITION OF URGENCY ITEM – JNB 1

The Executive Director requested consideration of adding an item to the agenda (Council and Agency) regarding the appropriation and transfer of funds from the Lancaster Financing Authority to the Redevelopment Agency for Enforceable Obligation Payments. This matter came forth subsequent to the posting of the agenda.

On a motion by Agency Director Mann and seconded by Vice Chairman Smith, the Redevelopment Agency approved the addition of Urgency Item No. JNB 1 to the agenda, by the following vote: 5-0-0-0; AYES: Harvey, Mann, Smith, Szeto, Crist; NOES: None; ABSTAIN: None; ABSENT: None

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APPROVAL OF AGENCY MINUTES

RM 1. MINUTES

On a motion by Vice Chairman Smith and seconded by Agency Director Mann, the Redevelopment Agency approved the Redevelopment Agency Regular Meeting minutes of January 10, 2012, by the following vote: 5-0-0-0; AYES:, Harvey, Mann, Smith, Szeto, Crist; NOES: None; ABSTAIN: None; ABSENT: None

RNB 1. RESOLUTION ADOPTING THE AGENCY'S FINAL ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

The Finance Director presented the staff report regarding this matter.

On a motion by Vice Chairman Smith and seconded by Agency Director Szeto, the Redevelopment Agency adopted **Resolution No. 02-12**, amending Resolution No. 21-11 and adopting the Redevelopment Agency's Final Enforceable Obligation Payment Schedule for the period ending January 31, 2012, by the following vote: 5-0-0-0; AYES:, Harvey, Mann, Smith, Szeto, Crist; NOES: None; ABSTAIN: None; ABSENT: None

URGENCY ITEM

JNB 1. APPROPRIATION AND TRANSFER OF FUNDS FROM LANCASTER FINANCING AUTHORITY TO REDEVELOPMENT AGENCY FOR ENFORCEABLE OBLIGATION PAYMENTS

The City Manager presented the background on this matter. The impacts of the Supreme Court decision upholding AB X1 26 to dissolve redevelopment agencies and striking down AB X1 27 providing for voluntary payments for redevelopment agencies continue to surface. A significant impact revolves around short term cash flow needs. As part of the decision, the Supreme Court adjusted the effective dates in AB X1 26, pushing them out four months, putting the Lancaster Redevelopment Agency (LRA) out of business effective February 1, 2012. No revenues will be distributed to the Agency between February 1 and May 16, 2012. Debt obligations continue to come due and are required to be paid. According to the legislation, debt obligations of Agency are to be paid from existing fund balance during that period. After a thorough analysis was completed by staff it was determined that without receipt of tax increment revenues, sufficient funds are not available to pay all of the debt obligations. This situation is not unique to Lancaster; many redevelopment agencies are facing the same situation.

Agency Director Harvey thanked the City Manager and staff for all the hard work they have done and at the end of the day, management and staff are making the best decisions they can for the citizens of Lancaster and she appreciates all the effort that has been put forth regarding this matter.

Mayor Parris clarified that the Redevelopment Agency has disbanded, owing the City \$50 million. He inquired as to whether the Agency owed others money as well.

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JNB 1. APPROPRIATION AND TRANSFER OF FUNDS FROM LANCASTER FINANCING AUTHORITY TO REDEVELOPMENT AGENCY FOR ENFORCEABLE OBLIGATION PAYMENTS (continued)

The City Manager confirmed this and said the State would consider those as enforceable obligations if it is a third party. The City is not protected by the U.S. Constitution Contract Clause.

Further discussion took place regarding bond obligations; responsibility of the County/Auditor Controller's office to review all bonds, County-wide; what should be paid, tax increments, reserve requirements, only paying the bare minimum that is required by law.

Council Member/Chairman Crist clarified that this was not the responsibility of anyone sitting on the Council/Agency and this issue was caused by the State.

Council Member/Agency Director Mann stated that he sat in two briefings with staff regarding this matter, trying to look forward as to what the outcome might be. The State did not do any forward thinking; the legislature in Sacramento do not fully understand how redevelopment agencies work and feels this will eventually come unraveled for them. The County is going to have an administrative nightmare on their hands with this matter and he hopes they handle it well. It is clear that the Agency should not give them any more money than they have to.

On a motion by Vice Chairman Smith and seconded by Authority Member Mann, the Financing Authority approved the appropriation of \$2,270,000 from Financing Authority fund balance to Account No. 701-4999901 to approve transfers in order to provide funds to pay debt obligations as listed on the approved Enforceable Obligation Payment Schedule, by the following vote: 5-0-0-0; AYES: Crist, Johnson, Mann, Smith, Parris; NOES: None; ABSTAIN: None; ABSENT: None

On a motion by Vice Chairman Smith and seconded by Agency Director Mann, the Redevelopment Agency approved the appropriation of \$2,270,000 to Account No. 901-4999978 to pay debt obligations as listed on the approved Enforceable Obligation Payment Schedule, by the following vote: 5-0-0-0; AYES: Harvey, Mann, Szeto, Smith, Crist; NOES: None; ABSTAIN: None; ABSENT: None

The City Manager stated that on behalf of the staff and the citizens of Lancaster, they appreciate working with a Council that is not afraid to make decisions for the betterment of the City; it is refreshing. It may sound gratuitous to acknowledge this Council's work, but it truly does not happen in many other cities. He would never take it for granted, the ability of staff, the citizens and the Council to work together and go through a very difficult situation that was not created by the City.

Council Member Johnson stated that she is honored to be a part of this team; this Council does not complain, they make tough decisions and continue to make this City strong.

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PUBLIC BUSINESS FROM THE FLOOR - NON-AGENDIZED ITEMS

None

AGENCY COMMENTS

None

ADJOURNMENT

Chairman Crist adjourned the Redevelopment Agency meeting at 6:11 p.m.

PASSED, APPROVED and ADOPTED this _____day of _____, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

GERI K. BRYAN, CMC
AGENCY SECRETARY
Lancaster, CA

MARVIN CRIST
CHAIRMAN
Lancaster, CA

**CERTIFICATION OF MINUTES
REDEVELOPMENT AGENCY**

I, _____, _____ of the City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Redevelopment Agency minutes, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, CA on this _____ day of _____, _____.

(seal)
