

STAFF REPORT
City of Lancaster
Lancaster Successor Agency

JNB 1
01/08/13
MVB

Date: January 8, 2013

To: Mayor/Chairman Parris and City Council/Board Members

From: Barbara Boswell, Finance Director

Subject: **Resolution Approving a Loan between the Lancaster Successor Agency and the City of Lancaster for Administrative Expenses for the Period January – June 2013**

Recommendation:

City Council Recommendation:

Adopt **Resolution No. 13-03**, establishing the terms and conditions and authorizing the execution of a promissory note in favor of the City of Lancaster for the distribution of funds to the Lancaster Successor Agency for administrative expenses for the period January to June 2013 pursuant to H & S Code Section 34173(h).

Successor Agency Recommendation:

Adopt **Resolution No. SA 01-13**, establishing the terms and conditions and authorizing the execution of a promissory note in favor of the City of Lancaster for the distribution of funds to the Lancaster Successor Agency for administrative expenses for the period January to June 2013 pursuant to H & S Code Section 34173(h).

Fiscal Impact:

The loan amount is not to exceed \$398,219, which is the administrative allowance approved by the state Department of Finance for the January to June 2013 period. Only the amounts actually expended will be advanced to the Lancaster Successor Agency. Interest will accrue at a rate equivalent to the Local Agency Investment Fund (LAIF) rate.

Background:

At its regular meeting of May 22, 2012, the City of Lancaster (City) agreed to provide administrative support to the Lancaster Successor Agency (Agency) for the purpose of complying with the Redevelopment Dissolution Act AB x 1 26. The Act provides for funding of administrative expenses through property tax distribution, if funds are available. Based on the requirements of AB x 1 26 and the required flow of funds for the June 1 property tax distribution, no funds were available for the administrative allowance.

AB1484, the Redevelopment Dissolution/Unwind Trailer Bill enacted as part of the state budget package on June 27, 2012, provides the ability for the City to make a loan to the Agency for administrative costs. The loan becomes an enforceable obligation of the Agency, and is to be included on the Recognized Obligation Payment Schedule for repayment through future property tax distributions.

BB:te

Attachments:

City Council Resolution No. 13-03
Successor Agency Resolution No. SA 01-13
Exhibit "A" Promissory Note