

RESOLUTION NO. SA 12-13

A RESOLUTION OF THE LANCASTER SUCCESSOR AGENCY FINDING THE PRE-DISSOLUTION LOANS BETWEEN THE CITY OF LANCASTER AND THE LANCASTER REDEVELOPMENT AGENCY WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b)

WHEREAS, prior to February 1, 2012, the Redevelopment Agency of the City of Lancaster (herein referred to as the "Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*) and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to the action of the City Council ("City Council") of the City of Lancaster (City); and

WHEREAS, Assembly Bill 1x 26, chaptered and effective on June 28, 2011, added parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012, the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity, the City serves as the Successor Agency to the Redevelopment of the City of Lancaster ("Successor Agency"); and

WHEREAS, Successor Agency administers the enforceable obligations of the Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, throughout the life of the Agency, it was at times necessary for the City to make loans to the Agency to enable the Agency to implement the goals and Implementation Plan of the Agency addressing blight and fostering economic development, summarized in Attachment A; and

WHEREAS, the outstanding principal balance of these loans totaled \$39,819,479 as of February 1, 2012; and

WHEREAS, AB 1x26 prohibited the Agency and the Successor Agency from making any payments to the City and eliminated any outstanding loans between the City and the Agency; and

WHEREAS, AB 1484 enacted in 2012, amended the Dissolution Act and allowed reinstatement of loans between the City and the Agency under certain conditions; and

WHEREAS, pursuant to Health & Safety Code Section 34191.4(b), the pre-dissolution loans between the City and the Agency may be considered an enforceable obligation; provided that the following conditions are satisfied: (1) the Department of Finance must have issued a Finding of Completion to the Successor Agency; (2) the Oversight Board must find that the loans were made for legitimate redevelopment purposes and must approve repayment of the loans as an enforceable obligation in the Recognized Obligation Payments Schedule (“ROPS”); and (3) the Oversight Board’s action is subject to review and approval by the DOF; and

WHEREAS, the DOF issued the Finding of Completion to the Successor Agency on August 7, 2013; and

WHEREAS, after reinstatement of the loans pursuant to Health & Safety Code Section 34191.4(b), AB1484 restricts the repayment of the loans as follows: (a) accumulated interest on the loans shall be recalculated from the date of loan origination at the Local Agency Investment Fund (“LAIF”) interest rate; (b) repayment to the City cannot begin until Fiscal Year 2013-14 and such payments are to be made according to a defined schedule over a “reasonable term of years”; (c) the maximum annual repayment to the City is limited to one-half of the difference between the residual amounts from the Redevelopment Property Tax trust Fund (“RPTTF”) distributed to the taxing entities in the fiscal year the payment is requested and the residual amount distributed to taxing entities in Fiscal Year 2012-13; and (d) twenty percent (20%) of all repayments received by the City shall be deducted and placed in the Low and Moderate Income Housing Asset Fund maintained by the housing successor, which is the Lancaster Housing Authority; and

NOW THEREFORE, BE IT RESOLVED that the Lancaster Successor Agency, hereby finds, determines and resolves as follows:

SECTION 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

SECTION 2. The Successor Agency hereby finds and determines, based on all the evidence in the record before it, that the loans were validly entered into, for valid redevelopment purposes and that the loans were therefore made for legitimate redevelopment purposes.

SECTION 3. The Successor Agency hereby finds and determines, based on all the evidence in the record before it, that the loans are an enforceable obligation.

SECTION 4. The Successor Agency determines to repay the loans to the City in accordance with Health & Safety Code Section 34191.4(b) once sufficient RPTTF funds become available. The Repayment Schedule shall be updated by Successor Agency staff from time to time to reflect actual LAIF interest rates; such updated Payment Schedules shall be submitted by the Successor Agency staff to the Oversight Board in connection with each subsequent ROPS on which the loans are included as an enforceable obligation.

SECTION 5. The Successor Agency hereby directs the Successor Agency Executive Director to (a) submit the Payment Schedule to the Oversight Board for approval, (b) include repayment of the loans, in accordance with the Payment Schedule, on the next ROPS to be prepared by the Successor Agency and approved by the Oversight Board, and (c) take all actions necessary and appropriate to accomplish the repayment of the loans to the City, including without limitation including the loans on each ROPS until the loans, including interest at the LAIF rate, are repaid to the City in full (including all required deposits into the Low and Moderate Income Housing Asset Fund held by the Lancaster Housing Authority, as provided by Health & Safety Code Section 34191.4(b)(2)(C)).

SECTION 6. In the event insufficient RPTTF moneys are available to make a complete payment on the loans as reflected in a ROPS, the unpaid amount shall continue to accrue interest and shall either be paid from excess RPTTF moneys in future ROPS periods.

SECTION 7. The City Clerk of the City of Lancaster shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this _____ day of _____, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

GERI K. BRYAN, CMC
City Clerk
City of Lancaster

R. REX PARRIS
Chairman
Lancaster Successor Agency

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
Lancaster Successor Agency

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. SA 12-13, for which the original is on file in my office.

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

(seal)

**ATTACHMENT A
SUMMARY OF LOANS**

LOAN #	REDEVELOPMENT PURPOSE	PRINCIPAL DUE	TOTAL INTEREST AS OF 9/30/2013	TOTAL DUE AS OF 9/30/2013
1	HIGH DESERT HOSPITAL PROJECT – Acquisition & Disposition of property for High Desert Hospital with Amargosa Project Area.	\$3,292,383	\$2,912,942	\$6,205,325
2	AVE H LOOP RD/INDUSTRIAL PARK - Public Improvements in connection with development of the Ave H Industrial Park pursuant to the Amargosa Project Area Redevelopment Plan.	\$1,441,000	\$1,274,928	\$2,715,928
3	OPA ESSEX CENTER – Construction of Conference Center.	\$755,000	\$667,988	\$1,422,988
4	ADMINISTRATIVE EXPENSES – Administrative expenses incurred during FY 1994-95.	\$300,732	\$249,797	\$550,529
5	CARDLOCK FUELS SUBLEASE - Development of the site and pursuant to the Lancaster Redevelopment Agency's Business Attraction Incentive Program.	\$6,366,700	\$1,640,574	\$8,007,274
6	PETSMART SUBLEASE - Development of the site pursuant to the Lancaster Redevelopment Agency's Redevelopment Plan	\$178,335	\$101,307	\$279,642
7	EDC ASSISTANCE – Support of the Lancaster Business Park pursuant to the Amargosa Project Area Implementation Plan.	\$500,000	\$370,938	\$870,938
8	L.A. COUNTY LIBRARY CONSTRUCTION - Development of the site pursuant to the Lancaster Redevelopment Agency's Redevelopment Plan addressing blight within the Central Business District.	\$4,040,000	\$2,492,332	\$6,532,332
9	AVE I IMPROVEMENTS – Parking and other improvements between 10 th St W and 15 th St W pursuant to the Ave I Corridor Study.	\$315,000	\$233,691	\$548,691
10	AUTO MALL DEVELOPMENT – Development of the Lancaster Auto Mall pursuant to the Amargosa Project Area Implementation Plan.	\$2,734,544	\$2,028,694	\$4,763,238
11	LANCASTER BUSINESS PARK – Support of the Lancaster Business Park pursuant to the Amargosa Project Area Implementation Plan.	\$57,289	\$42,501	\$99,790

LOAN #	REDEVELOPMENT PURPOSE	PRINCIPAL DUE	TOTAL INTEREST AS OF 9/30/2013	TOTAL DUE AS OF 9/30/2013
12	CALIFORNIA FACTORY STORES DEVELOPMENT - Development of the Factory Stores Development pursuant to the Amargosa Project Area Implementation Plan.	\$22,914	\$16,999	\$39,913
13	STADIUM PROJECT – Construction of Jethawks Stadium.	\$9,350,000	\$6,824,939	\$16,174,939
14	AV FAIRGROUNDS RELOCATION - Development of the site pursuant to the Lancaster Redevelopment Agency's Redevelopment Plan addressing blight within the Fox Field Project Area.	\$230,000	\$146,419	\$376,419
15	MICHAELS STORES DISTRIBUTION CENTER - Implementation of the Project Area 6 Redevelopment Plan and address blight, and encourage economic development within the area.	\$679,919	\$396,954	\$1,076,873
16	1997-98 OPERATIONAL EXPENSES REVOLVING LOAN - Expenses were incurred pursuant to implementation of the Lancaster Redevelopment Plan.	\$1,150,000	\$628,749	\$1,778,749
17	FOX FIELD PROPERTY ACQUISITION - Development of the Fox Field Project Area pursuant to the Redevelopment Implementation Plan.	\$1,063,036	\$426,341	\$1,489,377
18	COSTCO DEVELOPMENT - Development of the Costco was consistent with the Redevelopment Plan in addressing blight within the Amargosa Redevelopment Project Area.	\$3,876,450	\$1,102,137	\$4,978,587
19	FOX FIELD PROPERTY ACQUISITION - Development of the Fox Field Project Area pursuant to the Redevelopment Imp. Plan.	\$913,550	\$238,511	\$1,152,061
20	NORTH DOWNTOWN TRANSIT VILLAGE/FIRE STATION PROJECT - Implementation of the North Downtown Transit Village Redevelopment Plan and construction of the Fire Station.	\$808,456	\$211,073	\$1,019,529
21	COUNTRYWIDE DEVELOPMENT & AMARGOSA PROPERTY ACQUISITION - Property development and acquisition consistent with the Amargosa Project Area Implementation Plan.	\$485,995	\$126,884	\$612,879

LOAN #	REDEVELOPMENT PURPOSE	PRINCIPAL DUE	TOTAL INTEREST AS OF 9/30/2013	TOTAL DUE AS OF 9/30/2013
22	NEW FAIRGROUNDS – CLOCK TOWER PROJECT - Development of the new fairground site pursuant to the Fox Field Implementation Plan.	\$600,000	\$129,248	\$729,248
23	WATER CREDITS RELATED TO SOCCER CENTER – Development of the Soccer Center pursuant to the Amargosa Project Area Implementation Plan.	\$650,000	\$122,684	\$772,684
24	CLUTTER MOTORS SUBLEASE – SUBARU – Development of the Lancaster Auto Mall Pursuant to the Amargosa Project Area Implementation Plan.	\$8,176	\$61	\$8,237
	TOTAL	\$39,819,479	\$22,386,691	\$62,206,170



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 7, 2013

Ms. Pam Statsmann, Assistant Finance Director
City of Lancaster
44933 N. Fern Avenue
Lancaster, CA 93534

Dear Ms. Statsmann:

Subject: Request for a Finding of Completion

The California Department of Finance (Finance) has approved the Finding of Completion for the City of Lancaster Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay", with the word "for" written in smaller letters below it.

STEVE SZALAY
Local Government Consultant

Ms. Pam Statsmann

August 7, 2013

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cc: Ms. Elizabeth Brubaker, Director Housing & Neighborhood Revitalization, City of Lancaster
Ms. Barbara Boswell, Finance Director, City of Lancaster
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office