

STAFF REPORT
City of Lancaster

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05/10/16
MVB

DATE: May 10, 2016

TO: Mayor Parris and City Council Members

FROM: Vern Lawson, Economic Development Director

SUBJECT: **Subordinated Deed of Trust for Clutter Motors, Inc.**

Recommendation:

Approve the proposed Subordination, Attornment and Estoppel Agreement (Deed of Trust) with Clutter Motors, Inc. and Wells Fargo Bank and authorize the City Manager or his designee to execute all associated documents.

Fiscal Impact:
None.

Background:

In 2014, the City Council approved an agreement with Clutter Motors, Inc. which included the acquisition of an operating covenant guaranteeing the operation of the Lancaster Honda and Lancaster Subaru dealerships in the Lancaster Auto Mall for a period of 20 years. This action served to guarantee the job creation and sales tax revenue generation associated with operation of these dealerships, thus securing a vital source of funding for essential City services well into the future.

Today, Clutter Motors is preparing to invest approximately \$2 million in upgrades to these dealerships, thus enhancing the Lancaster Auto Mall as well as the dealerships' potential to attract additional sales tax revenue. In order to secure the loan funding needed for this crucial construction project, Wells Fargo Bank and Clutter Motors have requested the City's approval of the proposed Subordination, Attornment and Estoppel Agreement for APN 3125-024-022.

Such subordination agreements are standard operating procedure and have been regularly utilized in previous agreements of a similar nature. This action will enable Clutter Motors to invest a substantial sum in our community, thus contributing to job creation and sales tax generation for decades to come.

VL:CD

Attachments:

Subordination, Attornment and Estoppel Agreement
Site Map
Deeds of Trust to be Subordinated