

**STAFF REPORT**  
**City of Lancaster, California**

RCC 4
4/14/09
MVB

Date: April 14, 2009

To: Chairman Parris and Agency Directors

From: David McEwen, Agency Counsel

Subject: Approval of Resolution Approving the Amended and Restated Owner Participation Agreement with Lancaster Promenade Lender, GP

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**Recommendation:**

Adopt **Resolution No. 02-09**, a resolution of the Lancaster Redevelopment Agency of Lancaster, California, approving the Amended and Restated Owner Participation Agreement with Lancaster Promenade Lender, GP, and authorizing the execution and delivery of such other documents deemed necessary to effect the purposes related thereto.

**Fiscal Impact:**

The Agency has previously authorized the Agency assistance provided for in the OPA. As amended, the OPA requires funds to be deposited in a construction account, but no additional funds are being provided by the Agency. The City has budgeted \$1,264,505.00 for such improvements and anticipates expending an additional \$850,000.00 from proceeds of the sale of the existing museum site to the Lancaster School District. The \$850,000.00 needs to be appropriated at this time and will be funded from the Agency's bond proceeds fund balance.

**Background:**

On September 25, 2007, the Agency approved the Owner Participation Agreement with Steven M. Eglash and Carolyn Eglash, Trustees of the Eglash Family Trust Dated April 23, 2004 and Wah TG, LLC (the "Prior Participant") for the rehabilitation and development of the property located at 706-730 West Lancaster Boulevard (the B of A building and S & S Furniture building). In addition, the city has previously entered into a Lease Agreement with North Downtown Renewal, L.P. (the "Owner") for the lease of the property located at 665 West Lancaster Boulevard for use as the new museum. The Lease Agreement requires the city to reimburse the owner for all tenant improvements.

In order to take advantage of a large infusion of capital through New Market Tax Credits, the transactions must be restructured to provide for the funding of all Agency assistance and City reimbursement for museum improvements up front rather than as improvements are completed. To accomplish the necessary funding, the city and agency will enter into a funding agreement with Lancaster Promenade Lender G.P. which will provide for the moneys to be deposited in a construction account and to thereafter be disbursed as improvements are completed.

**Attachment:**

Resolution No. 02-09