

STAFF REPORT

City of Lancaster, California

CC 27
4/14/09
MVB

Date: April 14, 2009

To: Mayor Parris and Council Members

From: David McEwen, City Attorney

Subject: Approval of Resolution Approving the Amended and Restated Lease Agreement in Connection With the Museum

Recommendation:

Adopt **Resolution No. 09-27**, a resolution of the City Council of the City of Lancaster, California, approving the Amended and Restated Lease Agreement in connection with the Museum, and authorizing the execution and delivery of such other documents deemed necessary to effect the purposes related thereto.

Fiscal Impact:

The City has previously entered into the Lease Agreement in connection with the Museum. As amended, the Lease Agreement requires the amount required to reimburse for tenant improvements be deposited in a construction account. 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 will be funded by the Agency from bond proceeds fund balance and needs to be appropriated at this time for use in connection with the Museum improvements.

Background:

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. 09-27