

RESOLUTION NO. 12-34

**RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF MAMMOTH LAKES,
STATE OF CALIFORNIA,
ADOPTING THE FISCAL YEAR 2012-13 BUDGET**

WHEREAS, the Town Manager has prepared a proposed budget for Fiscal Year 2012-13, in accordance with Municipal Code Section 2.08.060 (G); and

WHEREAS, the Town's proposed budget document is a spending plan that reflects a baseline forecast of the current revenue sources and existing spending items, and a plan to address the Town's shortfall, and known debts, and obligations; and

WHEREAS, the Town's budget was presented and publicly discussed during Town Council meetings on April 18, May 2, May 8, May 16, and June 20, 2012, including a public hearing on June 20, 2012; and

WHEREAS, the Town Manager identified a \$2.8 million baseline budget shortfall for the General Fund for FY 2012-13, and recommended a Budget Reduction Plan; and

WHEREAS, the FY 2012-13 Budget Reduction Plan addresses the above baseline budget shortfall, and also includes long-term measures that would create an annual cash flow in order to address a State court writ of mandate concerning a legal judgment held against the Town by Mammoth Lakes Land Acquisition (MLLA), which amounts to over \$43 million as of June 2012, including 7% interest and MLLA's legal and other fees; and

WHEREAS, the Town engaged a financial advisor, FTI Capital Advisors (FTI), to analyze the Town's finances and prepare a long-term projection that incorporates the Budget Reduction Plan; and

WHEREAS, FTI completed their work and publicly released their analysis on May 8, 2012, showing an estimated \$3.6 million in net funds generated in the first five years beginning with FY 2012-13, and an additional \$550,000 annual net funds available in the following ten years; and

WHEREAS, in order to implement many of the debt restructuring measures included in the Budget Reduction Plan, the Town invited and encouraged its major creditors to participate in a neutral evaluation (i.e. mediation) process required by a new State law (AB 506); and

WHEREAS, the Town intends to complete the mediation by June 30, 2012; and

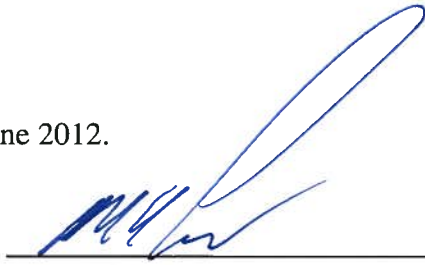
WHEREAS, agreements reached with the Town's creditors in mediation – or through a subsequent Chapter 9 bankruptcy process if such becomes necessary to confirm or

implement a plan to deal with the Town's current obligations, including the MLLA judgment - may alter the proposed Budget Reduction Plan, require corresponding amendments to the FY 2012-13 budget, and lead to adjustments to and/or renewal of existing contractual agreements with a number of entities, some of which expire on June 30, 2012; and

NOW, THEREFORE, BE IT RESOLVED by the Town Council of Mammoth Lakes as follows:

1. The Town Council hereby approves and adopts the Town of Mammoth Lakes' budget for FY 2012-13: (a) documented in the "Fiscal Year 2012-13 Budget" referenced in the June 20, 2012 agenda item titled "Town Council Adoption of the Town's Fiscal Year 2012-13 Budget, Including the Budget Reduction Plan and a Plan to Address the State Court Writ of Mandate Concerning a Judgment by Mammoth Lakes Land Acquisition", and available online on the Town's website and as a hard copy in Town Administrative Offices; (b) modified by the Budget Reduction Plan included within the "Fiscal Year 2012-13 Budget" document referenced above; and (c) further modified by the Town Council at the June 20, 2012 meeting.
2. If and when agreements are reached with the Town's creditors in mediation – or through a subsequent Chapter 9 bankruptcy process if such becomes necessary to confirm or implement a plan to deal with the Town's current obligations, including the MLLA judgment – the Town Council will conduct necessary public meetings to further adjust the FY 2012-13 budget.
3. The Town Council may make other necessary adjustments to the FY 2012-13 budget at any time during FY 2012-13, following consideration of such adjustments during one or more public meetings.
4. The Town Manager is directed to take necessary steps to implement the FY 2012-13 budget, as modified, including payment to the Town's various contractors and vendors according to such approved budget, even in cases where existing contractual agreements expire on June 30, 2012, or during FY 2012-13.
5. In cases where existing contractual agreements expire on June 30, 2012, or during FY 2012-13, but further payments are included in the FY 2012-13 budget, scope of work, deliverables, and other non-payment terms from the expiring contracts shall apply for all such payments due in FY 2012-13.

APPROVED AND ADOPTED THIS 20th day of June 2012.



MATTHEW LEHMAN, Mayor

ATTEST:



JAMIE GRAY, Town Clerk

STATE OF CALIFORNIA)
COUNTY OF MONO) ss.
TOWN OF MAMMOTH LAKES)

I, JAMIE GRAY, Town Clerk of the Town of Mammoth Lakes, DO HEREBY CERTIFY under penalty of perjury that the foregoing is a true and correct copy of Resolution No. 12-34 adopted by the Town Council of the Town of Mammoth Lakes, California, at a meeting thereof held on the 20th day of June, 2012, by the following vote:

AYES: Councilmembers Bacon, Eastman, Raimondo, Mayor Pro Tem Wood, and Mayor Lehman

NOES: None

ABSENT: None

ABSTAIN: None

DISQUALIFICATION: None



JAMIE GRAY, Town Clerk