

BURBANK REDEVELOPMENT AGENCY
JUNE 27, 2006

A regular meeting of the Burbank Redevelopment Agency was held in the City of Burbank Council Chamber, 275 East Olive Avenue, on the above date. The meeting was called to order at 6:52 p.m. by Mr. Campbell, Chairman.

Invocation The invocation was given by Reverend Ron Degges, Little White Chapel.

Flag
Salute The pledge of allegiance to the flag was led by Rachel Freeman.

ROLL CALL

Present- - - - Members Golonski, Gordon, Ramos, Vander Borght and Campbell (Left at 7:57 p.m.).

Absent - - - - Members None.

Also Present - Ms. Alvord, Executive Director; Mr. Barlow, City Attorney; Mrs. Georgino, Assistant Executive Director; and, Mrs. Wilson, Deputy Secretary.

10:15 P.M.
Meeting
Continued Following a report and the combined oral communications, the Council meeting was recessed to allow the Redevelopment Agency to hold its meeting.

Mrs. Ramos noted a request from staff that the Redevelopment Agency (Agency) Board provide Mr. Gangi an opportunity to address the agenda item related to the Media Village Senior Housing Project. The Board agreed.

Mr. Frank Gangi elaborated on the merits of refinancing the housing bonds and requested Agency Board approval, noting that the potential of a problem is very remote. He stated that the zoning runs with the land and the project's zoning calls for income restrictions in perpetuity with the project. He also referenced the Planned Development with the City, which has a condition committing the project to affordable housing. He informed the Agency Board that personal indemnity for all officers has been offered to protect the Agency.

RA 62-1
Request to
Amend Agrmts.
Related to Media
Village Sr. Hsg.
Project Ms. Mack, Redevelopment Project Manager, Community Development Department, presented a request to amend certain agreements related to the Media Village Senior Housing Project to allow the developer to refinance housing bonds on the residential component. She stated that on December 19, 1995, the Council and Redevelopment Agency (Agency) Board approved entitlements and a Disposition and Development Agreement (DDA) with Gangi Development Company for a mixed-use project on a 2.5-acre site located at the southwest corner of Third Street and Magnolia Boulevard. She noted that the project consists of a three-

story, 147-unit affordable senior housing apartment complex above approximately 55,000 square feet of retail space and was completed in December 1999. In addition, the project includes 586 parking spaces in a subterranean parking structure. She further explained that the residential component consists of 147 units, including 144 affordable senior apartment units plus three units for on-site apartment managers. Twenty-nine of the units are restricted to very low-income households and 115 of the units are restricted to lower-income households at affordable rents. She stated that pursuant to the DDA and Grant Deed with the Agency, and the Development Agreement and Planned Development with the City, the affordability requirements run with the land in perpetuity.

Ms. Mack informed the Council that on August 1, 1996, the Agency issued a \$5 million tax-exempt multi-family housing revenue bond to provide conduit financing to the developer for the residential component of the project. She noted that the developer was solely responsible for the debt service payments and the Agency has no obligation to make any payments on the bonds. She added that on June 2, 2006, a letter was received from Media Village Limited (Developer) requesting the Agency consider amending various documents related to the Media Village Senior Housing Project to enable them to refinance the tax exempt bonds on the residential component of the project and repay the bonds. She stated that the bonds are AAA rated with a 30-year maturity secured by two letters of credit and revenues received from the residential component. She also mentioned that a 10-year irrevocable letter of credit issued by East West Bank on August 1, 1996 expires shortly after August 1, 2006.

Ms. Mack also reported that the Developer has informed the Agency of a decision to redeem the housing bonds through conventional financing insured by the Federal Housing Administration of the United States Department of Housing and Urban Development (HUD), and a written commitment for the loan has been provided, with Quaker Capital as the lender. As a condition of the new HUD-insured loan, the Agency is requested to amend certain agreements related to the Media Village Senior Housing Project which includes the subordination of existing housing affordability requirements under the housing bonds and related Agency documents. She noted that staff has reviewed the Developer's proposal, including the terms of the HUD-insured loan, and has also consulted with the City's bond counsel and City Attorney's Office. She stated that the potential loss of affordability requirements could make the housing rents market rate and unaffordable to current and future tenants. Additionally, there is a possibility of the tax-exempt housing bonds becoming taxable and the associated Internal Revenue Service costs could be charged to the Agency, currently estimated to be at least \$1 million. She noted

that additional research and discussion is needed in order to avoid risk to the tenants and the Agency; therefore, staff does not support the Developer's proposal and recommends that the Agency Board reject the Developer's request.

Ms. Riley, Senior Assistant City Attorney, elaborated on the personal guarantee and indemnity issue and the remote potential for the tax-exempt housing bonds becoming taxable and the associated Internal Revenue Service costs being charged to the Agency.

Dr. Gordon noted the liability potential as indicated by staff and stated that while he recognizes the remoteness, he is not inclined to support the Developer's request.

Motion It was moved by Mr. Vander Borght and seconded by Mr. Golonski that "the following resolution be passed and adopted:"

RA 62-1 RESOLUTION NO. R-2161:
Approve Agrmt. A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE
Amendments CITY OF BURBANK APPROVING THE AMENDMENTS OF
Regarding Silver CERTAIN AGREEMENTS RELATING TO THE SILVER WINDS
Winds Sr. SENIOR HOUSING PROJECT.
Housing Project

Adopted The resolution was adopted by the following vote:

Ayes: Members Golonski, Ramos and Vander Borght.
Noes: Member Gordon.
Absent: Member Campbell.

10:40 P.M. The Agency recessed at this time to permit the City Council to
Recess continue its meeting. The Agency reconvened at 11:37 p.m. for
public comment with all members present except Member
Campbell.

11:39 P.M. There being no further business to come before the Agency Board,
Adjournment the meeting was adjourned at 11:39 p.m.

Josephine Wilson
Deputy Secretary

APPROVED NOVEMBER 7, 2006

Chairperson