

BURBANK REDEVELOPMENT AGENCY  
JUNE 15, 2004

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 4:06 p.m. by Mrs. Ramos, Chairman.

CLOSED SESSION

Present- - - - Members Campbell, Golonski and Ramos.  
Absent - - - - Members Murphy and Vander Borght.  
Also Present - Ms. Alvord, Executive Director; Mr. Flad, Assistant City Manager;  
Mr. Barlow, City Attorney; Mrs. Georgino, Assistant Executive  
Director; and, Mrs. Campos, Secretary.

4:06 P.M. The Agency recessed at this time to the City Hall Basement Lunch  
Recess Room/Conference Room to hold a Closed Session on the following:

Conference with Real Property Negotiator:

Pursuant to Govt. Code §54956.8

**Agency Negotiator:** Assistant Executive Director/Susan M. Georgino.

**Properties:** 111-245 East Magnolia Boulevard, 401-761 North First Street, 200 East Cypress, 601-800, 801, 805, 851, 875, 877, 891 South San Fernando Boulevard, 228 East Burbank Boulevard. The 41 acre site (excluding IKEA) generally bounded by Magnolia Boulevard, Third Street, Burbank Boulevard, and Interstate 5 (Media City Center Mall). Parcels 2460-023-045 through and including 2460-023-062.

**Parties With Whom Agency is Negotiating:** Crown Realty and Development Inc.

**Name of Contact Person:** Jack Lynch, Senior Redevelopment Project Manager.

**Terms Under Negotiation:** Negotiation for the sale of the fee title in regards to the improvements on the above mentioned parcels.

Regular Meeting Reconvened in Council Chambers The regular meeting of the Redevelopment Agency of the City of Burbank was reconvened at 6:36 p.m. by Mrs. Ramos, Chairman.

Invocation The invocation was given by Mr. Bob Kramer, Community Assistance Coordinator.

Flag Salute The pledge of allegiance to the flag was led by Jordan Barret and Bryce Burton, Burbank Tarheels Basketball Team members.

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ROLL CALL

Present- - - - - Members Campbell, Golonski, Murphy, Vander Borcht and Ramos.  
Absent - - - - - Members None.  
Also Present - - Ms. Alvord, Executive Director; Mr. Barlow, City Attorney; Mrs. Georgino, Assistant Executive Director; and, Mrs. Campos, Secretary.

8:52 P.M. Meeting Continued Following two public hearings and the combined oral communications, the Council and the Redevelopment Agency held a joint meeting.

Jt. Mtg. w/City Council RA 51 RA 42-1 Affordable Hsg. Agrmt. w/BHC & Reloc. Plan for 2321 N. Fairview St. & 2321-2323 N. Catalina St. Mr. Solomon, Housing Development Manager, Community Development Department, requested that the Redevelopment Agency (Agency) Board approve an Affordable Housing Agreement (Agreement) with the Burbank Housing Corporation (BHC) to finance the BHC's acquisition and rehabilitation of rental units at 2321 North Fairview Street and 2321-2323 North Catalina Street (Properties) in the Golden State Focus Neighborhood as a mixed-income, affordable housing project inclusive of an activity center; and, City Council approval of a Relocation Plan for the Properties. He noted that the acquisition and rehabilitation of the Properties is part of the Agency's overall strategy to rehabilitate deteriorated properties, operate them as mixed-income properties with an affordability component and to develop an activity center to provide services that will help integrate tenants into the community.

Mr. Solomon informed the Agency Board that since the inception of the BHC in 1997, 187 affordable rental units have been developed in Burbank's focused neighborhoods. He noted that the project would double BHC's holdings in the Golden State Focus Neighborhood and provide an opportunity for the introduction of an activity center. He explained that the Properties are located in an R-4 medium density residential neighborhood and are comprised of three parcels at two separate sites. He stated that combined the two locations encompass 18 residential units; 14 one-bedroom units (two of which are studio units); and, four two-bedroom units.

Mr. Solomon discussed that under the terms of the Agreement, the Agency would lend the BHC \$3.143 million in Low and Moderate-Income Housing Funds to: 1) pay for the cost of acquisition; 2) offset all estimated direct costs associated with building rehabilitation and site work; and, 3) fund indirect costs for closing, permits and fees. In addition, he stated that the Agency is to budget an estimated \$105,000 for relocation costs incurred in the displacement of four households. He added that the Agreement also

specifies that: work will include the demolition of three units at 2321-2323 North Catalina Street which will include a duplex comprised of two studio units and a small one-bedroom detached single-family dwelling at the rear of the site; the remaining building is a single-family unit which the BHC is proposing to convert into an activity center by adding approximately 400 square feet and reconfiguring the internal layout; and, rehabilitation of the remaining 14 units will entail treatment of environmental contaminants such as asbestos and lead based paint, remodeling of kitchens and bathrooms, introduction of new exterior treatments such as doors and windows, repainting, upgrading electrical and other systems, site work and landscaping. He added that structured as a mixed-income project, the BHC is to rent all units at an affordable rate to very low, low and moderate-income households and remain affordable in perpetuity.

Mr. Solomon stated that in a separate action, the City Council is requested to approve a Relocation Plan to allow for the conversion of a renter-occupied single-family unit into a new activity center and for the demolition of three other units. He added that on May 11, 2004, the City Council approved a Draft Relocation Plan which was made available for a 30-day public review period before initiating any relocation activities, including issuance of 90-day notices to vacate. He noted that no public comment was received and staff requested that the Council approve the Relocation Plan following the end of the 30-day public review period.

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

RA 42-1 Amend FY 2003-04 Budget from 20% Set-Aside Affordable Hsg. RESOLUTION NO. R-2107:  
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK AMENDING THE FISCAL YEAR 2003-2004 BUDGET TO APPROPRIATE FUNDS FROM THE 20% SET-ASIDE AFFORDABLE HOUSING ACCOUNT.

RA 51 Affordable Hsg. Agrmt. w/BHC for 2321 N. Fairview St. & 2321-2323 N. Catalina St. RESOLUTION NO. R-2108:  
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE AGENCY AND THE BURBANK HOUSING CORPORATION (2321 NORTH FAIRVIEW STREET AND 2321-2323 NORTH CATALINA STREET).

City Council City Council Resolution No. 26,731 Approving a Relocation Plan for

6/15/04

Reso. Adopted the Relocation of Residents and Occupants Displaced at 2321 North Fairview Street and 2321-2323 North Catalina Street was adopted.

Adopted The resolutions were adopted by the following vote:

Ayes: Members Campbell, Golonski, Murphy, Vander Borgh and Ramos.

Noes: Members None.

Absent: Members None.

RA 60  
RA 49  
Former Newberry  
Bldg. (328-330  
N. San Fernando  
Blvd.)

Ms. Mack, Redevelopment Project Manager, Community Development Department, reported that as part of the Redevelopment Agency's (Agency) comprehensive strategy to revitalize downtown, the Downtown Tenant Assistance Program (DTAP) was developed on September 24, 2002 to provide forgivable market rate loans as financial incentives to attract quality retail tenants to the downtown. She noted that the former Newberry building is located at 328-330 North San Fernando Boulevard in the Village District of the downtown and is approximately 20,000 square feet including a 5,000 square foot mezzanine. She reported that the property, formerly owned by Shadrall Associates, remained vacant for over six years and was in need of major repairs.

Ms. Mack stated that on December 17, 2002, the Agency Board approved a proposal from Tucker Investment Group for financial assistance under the DTAP to help attract Urban Outfitters, a national retailer. She added that Tucker Investment Group subsequently purchased the former Newberry building and entered into a 10-year lease agreement with Urban Outfitters to occupy approximately 15,000 square feet of the building and a Commercial Rehabilitation Loan Agreement (Loan Agreement) with the Agency. She noted that approximately 5,000 square feet of the building remains vacant and is in need of improvements. She stated that since entering into a 10-year lease with Urban Outfitters in 2002, Tucker Investment Group has been in the process of securing a quality retail tenant, subject to approval by Urban Outfitters, and is currently in lease negotiations with Active Ride Shop, a trendy retailer and currently the largest surf, snow and skate dealer in Southern California. She added that the company is family-owned and debt free with sales volumes in excess of \$45 million per year.

Following a discussion of the terms of the proposed 10-year lease with Active Ride Shop, Ms. Mack explained that under the terms of the Loan Agreement, Tucker Investment Group cannot place a mortgage on the property in excess of the \$3.02 million primary loan ahead of the Agency loan of \$675,000. She added that in order to finance the improvement costs necessary to consummate a

lease with Active Ride Shop and proceed with base building and tenant improvement work, Tucker Investment Group originally proposed modifying the terms of the Loan Agreement to refinance the primary loan as follows: the Agency remove its loan as an encumbrance from the property; Tucker Investment Group pays the Agency \$100,000; and, Tucker Investment Group commits to paying a minimum of an additional \$100,000 for tenant improvement work in a space controlled by Tucker Investment Group.

Ms. Mack stated that an analysis by Keyser Marston Associates concluded that the proposal was inconsistent with the program goals and noted that the following loan modifications have now been proposed: Tucker Investment Group pays the Agency a one-time up-front cash payment of \$300,000 as a discounted prepayment of the outstanding loan balance; and, \$320,000 be reserved as refinancing proceeds for base building and tenant improvement costs and commissions to consummate a lease with Active Ride Shop. She added that staff input is required regarding how these funds will be reserved and utilized. She stated that a subsequent analysis by Keyser Marston Associates concludes that if Urban Outfitters remains in operation until 2008, the proposed \$300,000 payment exceeds the amount the Agency would receive in the payment of its note. She added that based on Urban Outfitters current success and past track record, it was determined that operations would continue through 2008 and until the end of the 10-year lease term.

Ms. Mack noted that the alternative proposal would provide an unanticipated lump sum cash payment of \$300,000 to pay off the Agency loan. She added that under the current loan structure, the Agency loan would be forgiven for each year that Urban Outfitters remains in operation during the 10-year term and the only actual cash repayment would potentially come from excess percentage rents. She stated that the note payments, including projected percentage rents, have a present value of approximately \$90,000, which is about \$210,000 less than the \$300,000 loan repayment currently proposed. She also noted that this option would address the property owners' desire to raise capital to improve the remaining portion of the building without further Agency assistance. She added that staff recommended requiring Tucker Investment Group to reserve approximately \$320,000 in refinancing proceeds for building and tenant improvement costs and commissions, and that staff input would be required regarding how these funds would be reserved and utilized. Finally, she noted that Active Ride Shop projects annual retail sales in excess of \$3 million which would result in \$30,000 in annual Sales Tax revenue generation for the City's General Fund.

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

RA60  
RA 49  
DTAP  
Commercial  
Rehab. Loan to  
Tucker Invest.  
Grp. Inc. for  
328-330 N. San  
Fernando Blvd.

RESOLUTION NO. R-2109:  
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING MODIFICATION OF THE TERMS OF A COMMERCIAL REHABILITATION LOAN MADE TO TUCKER INVESTMENT GROUP, INC. UNDER THE DOWNTOWN TENANT ASSISTANCE PROGRAM (328-330 NORTH SAN FERNANDO BOULEVARD).

Adopted The resolution was adopted by the following vote:

Ayes: Members Campbell, Golonski, Murphy, Vander Borcht and Ramos.

Noes: Members None.

Absent: Members None.

9:12 P.M.  
Recess The Agency recessed at this time to permit the City Council to continue its meeting. The Agency reconvened at 9:18 p.m. for public comment with all members present.

9:18 P.M.  
Adjournment There being no further business to come before the Agency, the meeting was adjourned at 9:18 p.m.

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Secretary

APPROVED JULY 20, 2004

Chairperson