

BURBANK REDEVELOPMENT AGENCY
JULY 15, 2003

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 6:33 p.m. by Ms. Murphy, Chairman.

Invocation The invocation was given by Reverend Carmen Blair, First Presbyterian Church.

Flag The pledge of allegiance to the flag was led by Scout Troop 209.
Salute

ROLL CALL

Present- - - - - Members Golonski, Murphy, Ramos, Vander Borght and Laurell.

Absent - - - - - Members None.

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

8:00 P.M. Following a report and the combined oral communications, the
Meeting Council and the Agency held joint meetings.
Continued

8:00 P.M. Mr. Lynch, Senior Project Manager, Community Development
Jt. Mtg. w/ Department, reported in July 2001, the Agency Board approved a
Council Disposition and Development Agreement (DDA) with M. David Paul
RA 52-1 to construct the Housing and Childcare Center Demonstration
RA 42-1 Project at 2245-2251 North Fairview Street and 2242-2308 North
Cottages Hsg. Ontario Street in the Golden State neighborhood near the airport.
& Childcare He stated the project includes 20 small-lot single family homes and
Demo. Proj. an 8,500 square foot childcare center that can accommodate 92
 children, and added the DDA called for the developer, M. David
 Paul, to construct the shell of the childcare center and sell the land
 and improvements of the center to an entity selected by the
 Agency for one dollar. In addition, he stated the Agency was to
 receive a portion of the profits of the sale of the 20 homes and
 would provide funding to the proposed owner of the childcare
 center to complete the interior improvements and playground of the
 childcare center.

Further, he stated the Agency anticipated the entity that would own the childcare center would be the Burbank Housing Corporation (BHC), a non-profit corporation that was formed six years ago to own, manage and rehabilitate affordable housing projects throughout the City in partnership with the Redevelopment Agency. He added in their neighborhood revitalization efforts, BHC operates two after-school programs, including the Achievement Center on Elmwood Avenue and the Activity Center on West Verdugo Avenue and has purchased and rehabilitated two nearby

apartment buildings in the Golden State neighborhood where the childcare center is being constructed.

Mr. Lynch also reported before the Agency and BHC could enter into any specific terms for completing the transfer of the ownership of the childcare center, an experienced childcare operator needed to be identified to make sure that the long-term operation of the Center would meet the goals of the Agency. Subsequently, a Request For Proposal (RFP) for childcare operators was issued, and in October 2002 after an extensive review of the proposals, including several meetings with the City's Childcare Committee, the Agency approved to enter into negotiations with Knowledge Beginnings. He added following the approval, a Management Agreement between BHC and Knowledge Beginnings was prepared, which set forth various terms, including: a five-year operating term; the Scope of Services provided by Knowledge Beginnings, including pre-opening services, and management operating services; insurance; operating expenses and proposed tuition rates; the provision of furniture and equipment; and, the selection priority for the children. Specifically, he stated the Agency wanted to make sure 12 of the 92 childcare spaces would be available for infants (0 to 12 months), since the City currently has a severe shortage of infant care providers, and that 20 percent of the spaces offer affordable, below-market tuition rates. He noted both of these requirements reduce the feasibility or profitability for an operator to run the center without requiring an ongoing subsidy.

He informed the Council the proposed owner of the childcare center, BHC, would be taking on several typical responsibilities, including the payment of property taxes and property insurance; paying for utilities and exterior maintenance; installing the playground equipment; and providing start-up costs, including pre-opening staffing, initial marketing and administration, and operational shortfalls expected for the first two years of operation until the Center reaches a stabilized basis. To defray the costs, he suggested the Elmwood promissory note be amended to provide BHC \$61,000 annually to pay for these ongoing expenses including replacement reserves and annual property taxes in the amount of \$20,000. He noted should the property taxes be reduced or exempted, the Agency's note would be reduced accordingly to \$41,000 per year. He added for the one-time expenses related to start-up costs, staff proposed that BHC, in its agreement with the Agency, borrow \$100,000 from the Agency's Child Care Fund, and begin repaying these funds in year three, when the Center has reached a stabilized basis.

Regarding the interior improvements of the center, he stated BHC went out to bid and received a total of five bids ranging from \$935,447 to \$1,335,000 and noted the amounts were higher than expected but the low bid of \$935,447 was accepted. He added the funding for the project was a combination of redevelopment funds, Federal Community Development Block Grant (CDBG) funds, and State grants as follows: \$522,447 from the Golden State Project Area; the \$175,000 Community Development Block Grant (CDBG) funds be returned to the CDBG account for other programs in the City; and, the \$200,000 from the Agency's share from home sale proceeds be returned to the Agency's 20 Percent Set-Aside Account for affordable housing. He also stated Proposition 10 funds were not available for such project.

Mr. Lynch stated all the 20 homes would be completed by the end of July 2003; the shell of the child care center would be completed in 30 to 45 days; and that interior improvements would take an additional four months with completion scheduled for December 2003.

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

City Council Reso. Adopted City Council Resolution No. 26, 519 Approving and Authorizing the Redevelopment Agency to Execute an Agreement with Burbank Housing Corporation Pertaining to the Improvement, Use and Operation of the Child Care Center of the Housing and Childcare Demonstration Project was adopted.

City Council Reso. Adopted City Council Resolution No. 26,520 Approving the Terms and Provisions of a Cooperation Agreement Between the City and the Redevelopment Agency Relating to the Housing and Childcare Demonstration Project was adopted.

RA 52-1
Agrmt w/
Burbank Hsg
Corp. on Hsg.
& Childcare
Demo. Proj.

RESOLUTION NO. R-2072:
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AND AUTHORIZING AN AGREEMENT WITH BURBANK HOUSING CORPORATION PERTAINING TO THE IMPROVEMENT, USE AND OPERATION OF THE CHILD CARE CENTER OF THE HOUSING AND CHILDCARE DEMONSTRATION PROJECT.

7/15/03

RA 52-1
Coop. Agrmt.
w/City on Hsg.
& Childcare
Demo. Proj.

RESOLUTION NO. R-2073:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING THE TERMS AND PROVISIONS OF A COOPERATION AGREEMENT BETWEEN THE AGENCY AND THE CITY OF BURBANK RELATING TO THE HOUSING AND CHILDCARE DEMONSTRATION PROJECT.

RA 52-1
RA 42-1
Amend FY 03-
04 Budget for
Child Care Ctr. &
Childcare Demo.
Proj. Funding

RESOLUTION NO. R-2074:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK AMENDING THE BUDGET FOR FISCAL YEAR 2003-2004 IN THE AMOUNT OF \$622,447 FOR THE PURPOSE OF FUNDING THE INTERIOR IMPROVEMENTS AND PRE-OPENING COSTS FOR THE CHILD CARE CENTER OF THE HOUSING AND CHILDCARE DEMONSTRATION PROJECT.

Adopted

The resolutions was adopted by the following vote:

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

Noes: Members None.

Absent: Members None.

Jt. Mtg. w/
Council
RA 50
Remarketing of
\$25 Million
Golden State
Redev Proj.,
Subordinated
Taxable Tax
Allocation Bonds,
Issue of 1993

Mr. Hanway, Financial Services Director, requested Council authorization to remarket \$25 million Redevelopment Agency of the City of Burbank (Agency) Golden State Redevelopment Project, Subordinated Taxable Tax Allocation Bonds, issue of 1993. He stated on June 17, 2003, the Agency authorized the appointment of a Financing Team as it relates to the remarketing of the \$25 million Redevelopment Agency of the City of Burbank Golden State Project Area Subordinated Taxable Tax Allocation Bonds, issue of 1993. He explained the bonds were originally purchased by the City and were used to help finance the construction of the Police/Fire facility and that the Agency had consistently included the subordinated bonds on its annual Statement of Indebtedness filed with Los Angeles County, which bear interest at the Local Agency Investment Fund (LAIF) interest rate plus one percent and are due December 1, 2043. He added the subordinated indenture provides provisions for remarketing the bonds, and as a result the remarketed bonds would bear current market interest rates and amortize principal payments beginning on December 1, 2022 and ending December 1, 2043.

Mr. Hanway stated the proposed remarketed tax allocation bonds are anticipated to generate approximately \$24,645,000 in net proceeds

assuming the use of a reserve fund surety and a bond rating in the "A" category by Standard and Poor's, which would allow for the remarketed bonds to be insured. He added should the Agency not receive the anticipated bond rating and not be able to obtain a reserve fund surety, net bond proceeds would be significantly less than the anticipated amount. In the event that this happens, he stated staff recommended the City and Agency enter into a loan agreement for the difference between the current \$25 million subordinated debt owned by the City and the net bond proceeds, which agreement would have the same interest rate terms as the current subordinated debt; however, the principal would be due by December 1, 2020.

Mr. Hanway clarified the issuance would not increase any debt to the Agency, but would change the interest allocation to current interest versus LAIF plus one percent. He added bond pricing was scheduled for late September with funding by mid-October 2003 to allow for the completion of the State's budget process. He added the proceeds for the debt would primarily be used for construction of the Development and Community Services Building (DCSB) and clarified that proceeds could only be used for capital projects. He stated other potential projects included: building a soccer field on the Blanchard Trust Property; repaying the debt on the City Hall Annex; and several other projects identified by staff as proceeds became available.

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

City Council Reso. Adopted City Council Resolution No. 26,521 Requesting the Repurchase by the Redevelopment Agency of the City of Burbank of its Agency's \$25,000,000 Redevelopment Agency of the City of Burbank Golden State Redevelopment Project, Subordinated Taxable Tax Allocation Bonds, Issue of 1993 was adopted.

RA 50
Tax Alloc. Bonds
Issue of 1993
Relating to
Golden State
Redev. Proj.

RESOLUTION NO. R-2075:
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AND AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN DOCUMENTS RELATING TO THE PURCHASE AND REMARKETING OF THE AGENCY'S \$25,000,000 REDEVELOPMENT AGENCY OF THE CITY OF BURBANK GOLDEN STATE REDEVELOPMENT PROJECT, SUBORDINATED TAXABLE TAX ALLOCATION BONDS, ISSUE OF 1993, AND AUTHORIZING AND DIRECTING ACTIONS WITH RESPECT THERETO.

