

The Inglewood Redevelopment Agency of the City of Inglewood, California held a special meeting on Thursday, May 25, 2006 in the Council Chambers in City Hall of said City.

Chairman Dorn called the meeting into joint session with the City Council at the hour of 3:15 p.m. The Secretary announced the presence of a quorum as follows:

Present: Chairman Dorn, Members Price, Morales and Franklin;  
Absent: Member Dunlap. (Arrived at 3:27 p.m.)

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**WORKSHOP FOR THE INGLEWOOD INTERGENERATIONAL SENIOR CENTER AND RESIDENTIAL FACILITY REDEVELOPMENT PROJECT.**

The City Administrator/Executive Director stated the purpose of the workshop is to obtain input from the Mayor/Chairman, Council Members/Members as well as the community. He requested from the Mayor/Chairman that members of the public be allowed to speak after the presentation. He also stated that he is looking for direction and consensus from the City Council/Redevelopment on how to proceed with this project.

Barron McCoy, Redevelopment Manager, stated that staff was instructed by the Mayor/Chairman and City Council/Redevelopment Agency to utilize efforts and bring into fruition a new senior center and 58 affordable residential units. He commented that the new Inglewood Intergenerational Senior Center & Residential Project would be located at the site of Queen and Locust Streets. He commented that in January, 2001, staff was authorized to submit a grant application for approximately \$3M dollars to help facilitate the project. He stated that even though they were unsuccessful in seeking those funds, staff was still confident there would be additional funds available for the City to take advantage of. He commented that staff is still carrying on with the theme of "Intergenerational" which means seniors and youth can interact in a variety of different ways benefiting both parties. He further commented that the project would be comprised of two components. The first component would be the Senior Center. He stated this area would be approximately 35,000 sq. ft replacing the existing 17,000 sq. ft. space, which would be modernized with up-graded kitchen space. He also stated that there would be space not only for operations such as case management, transportation and administration, but also multi-purpose rooms, recreational areas, computer labs as well as television rooms. He further commented that the second component would consist of 58 affordable residential units, 39 one-bedroom units and 19 two-bedroom units, roof gardening and separate secured entrances as well as parking.

Mr. McCoy stated that the one bedroom unit consists of 705 sq. ft. living space, balcony or patio of 85 sq. ft and a kitchen whereas the two bedroom unit would have over 1000 sq. ft. of living space, approximately 73 sq. ft of patio or balcony space and a kitchen. In order to facilitate the project he stated the operations of the existing senior center would have to be relocated to the Veterans Memorial building and there were improvements that would need to take place to accommodate the seniors during the period of construction. He also commented that the Public Works Departments has prepared plans and specifications for the demolition of the existing senior center. In reference to financing, he announced the estimated cost for the project is currently \$33M dollars and that the City was successful in obtaining EDI Funds from the Federal Government to assist with the design and construction. He stated the city has \$2.8M dollars allocated towards the Senior Center and \$4M dollars in Housing Set-Aside Funds are allocated towards the restricted units which leave a gap of approximately \$26M dollars. He announced there are several eligible funding sources from which to consider including Community Block Grant Funds, Section 108 Loan Funds, Agency 2003 Bond Proceeds as well as the Agency Housing Set-Aside Funds. Finally, he commented staff will come back to the City Council/Redevelopment Agency once the funding source has been selected and will run an analysis to ensure that revenue generated from these units would be sufficient to cover the operating and reserve costs.

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Council Member/Member Dunlap arrived in the Council Chambers at the hour of 3:27 p.m.

Joseph Rouzan, City Administrator/Executive Director, announced that persons who want to ask questions refer to the number on the lower right hand corner of there handouts.

Council Member/Member Morales commented that the bottom line is the City is short \$25M dollars. He referred to an eligible source of funding on page 12 and inquired if all of those fundings need to be used.

Barron McCoy replied no. He stated that he believed if all those funds were to be used; it would be more than \$25M.

Council Member/Member Morales inquired if the Section 108 Funds was the Small Business Loan.

Barron McCoy stated the City has allocated a portion of those funds towards the Small Business Loan Program and they would have to be reprogrammed if the City Council/Redevelopment Agency elects to use them.

Council Member/Member Morales inquired since it is a loan does it have to be repaid.

Barron McCoy replied yes. He stated if the funds were to be reprogrammed, they would have to be repaid from future CDBG allocations.

Council Member/Member Morales inquired how much would the payment be.

Barron McCoy replied it depends on how the loan is structured. He also stated that the last amount of repayment was approximately \$825,000 per fiscal year.

Council Member/Member Morales inquired how long it would take to repay back the \$825,000 on an annual basis.

Barron McCoy announced it depends on how much the loan is. He commented that they would probably request a 20 year loan repayment schedule and without knowing what the exact interest rate would be, he thinks it would be between \$5,000 and \$8,000 a year.

Council Member/Member Morales inquired how much does the City currently get annually in CDBG funds.

Barron McCoy replied approximately \$2M dollars. He commented that the sheets simply state the funding sources available.

Council Member/Member Morales stated he wants to make sure there is less impact because a lot of good comes out of CDBG annually. He inquired how other programs would be affected.

Pamela Thigpen, HUD Program Director, stated that in reference to the Section 108 Loan \$9.6M dollars would be a loan. She stated that there is \$3.4M dollars from the previous Section 108 Loan on hand that does not need to be repaid. She also commented that currently the City has been funding streets and sidewalks for approximately \$1M dollars annually in addition to \$150,000 for after school and recreational programs. She further commented that with a \$2M or \$2.1M allocation, the City will be able to continue with those activities and still be able to repay back the Section 108 Loan proceeds using Federal Government funds.

Council Member/Member Morales stated that this was good. He inquired if there were any type of service that the City currently funds using CDBG monies that they could not accommodate should they take on this responsibility.

Pamela Thigpen replied that possibly, code enforcement activities would be affected.

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Council Member/Member Morales inquired whether all avenues have been exhausted for funding.

Barron McCoy commented that staff continues to seek additional funding however, as of today, they have been unsuccessful in obtaining or identifying any other sources because the City is a public agency and there are minimal grants available for this purpose.

Mayor/Chairman Dorn stated that staff seems to forget that the only way this would happen in this fashion is by giving away the apartments. He commented that if the apartments are rented, the City shouldn't have to pay anything from the CDBG funds. Finally, he commented that staff is giving the impression that no rent will be generated from these units.

Barron McCoy stated that he was speaking of sufficient funds the City would have on hand if they were to enter into a contract.

Mayor/Chairman Dorn inquired if staff was referring to the 58 units. He commented that these units should be sufficient to meet the debt services and that there was no reason why these units could not meet the debt service.

Pamela Thigpen commented that when Federal dollars are utilized, there are rent restrictions when renting to low and low-moderate income individuals as to how much one could actually charge for rent.

Mayor/Chairman Dorn commented that if there is a loan for 20 or 30 years they should be able to meet the debt services on those 58 units even at a lower rent.

Barron McCoy stated that if the City was to use its Section 108 Loan Fund Advance which requires repayment to HUD, those dollars could be funded from the General Fund with revenues from the residential units.

Council Member/Member Morales stated that this needs to be clarified because he would be worried about the lack of resources to continue doing what is required in the City for the residents. He inquired how the City is going to resolve this matter in terms of sidewalk repairs.

Council Member/Member Franklin stated that they would have had a better appreciation for the presentation had they received a break down as to the funding sources and how they are currently being spent.

Mayor/Chairman Dorn commented that this is not a matter of whether or not there would be renters but rather the need for staff to come forward and inform the City Council/Redevelopment Agency about what would be permitted when renting those units. In regards to the loan, he commented that they should be placed in a position where they could look at the rent to be expected yearly based upon whatever approach is taken. He also commented that when staff only talks about where they are getting funds from and what amount is needed and not talk about what is available to pay the debt service, the City Council/Redevelopment Agency is placed in a position where they can't make reasonable decisions.

Council Member/Member Dunlap stated that the reason the project is being called "intergenerational" is because the City is going after a funding source they did not receive and inquired why it is still being called that since it they have no money in place. In reference to HUD Section 108 Loans, she expressed her concerns and commented that she is opposed to many of these funding sources being used for this purpose. She commented why there are only \$9.2M dollars left of the 2003 Bond proceeds and inquired what the \$7M dollars used for was.

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Barron McCoy stated that it was his understanding that the total revenue received by the City is \$9.2M dollars.

Council Member/Member Dunlap stated they were informed that \$10M dollars was received and requested clarification. She commented that HUD Section 108 Loans could only be repaid with CDBG funds and that is not an option.

Pamela Thigpen stated that was not correct and as long as the loan is paid the City can use whatever source is available.

Council Member/Member Dunlap inquired if that is a guarantee.

Pamela Thigpen replied yes.

Council Member/Member Dunlap stated that in the past CDBG funding had to be guaranteed and that is the reason Section 108 Loan was given to the City. She inquired how could rents from Redevelopment Agency owned housing back a Section 108 loan which is a City loan.

Barron McCoy commented that once a project has been completed the Redevelopment Agency would deed the project over to the City because it is against Redevelopment law to own and operate such facilities.

Council Member/Member Dunlap stated this is what she had said when the Redevelopment Agency funds were used that it was contrary to the Redevelopment law and that she heard no one objecting at the time. She commented that she heard no one objecting to having the City sell the senior center to the Redevelopment Agency and now staff is stating it is not legal. She inquired from Mr. McCoy where he was when those questions were being asked at the meeting. She stated that when this proposal first came about to have the Redevelopment Agency purchase the senior center, it should have been stated that that was not an appropriate action. She inquired if payments have been made from the City to the Redevelopment Agency for the use of the senior center.

Barron McCoy replied yes.

Council Member/Member Dunlap inquired where in the budget that is reflected.

Barron McCoy stated that he does not have the budget with him and would provide her with the information later.

Council Member/Member Dunlap asked where Mr. McCoy believed it could be found in the budget.

Barron McCoy stated he assumed it would be under revenues. He commented that the Finance Department manages the funds for the Redevelopment Agency and that he has been in contact with them and they have assured him that the \$5,000 monthly payment has been made.

Council Member/Member Dunlap requested the City Administrator to have someone locate that information in the budget.

Barron McCoy commented that it is not prohibited by Redevelopment law for the Agency to acquire property with the intent to construct a public facility and then turn it over to another public agency but the agency cannot own and operate it.

Council Member/Member Dunlap commented that she would like to see that citation because it does not seem like a good public policy for anybody be playing musical chairs with taxpayer money.

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Barron McCoy commented that the Mayor and Council Members can adopt a Resolution whereby the Redevelopment Agency can fund, if it had the resources, the entire project and turn it over to the Mayor and Council Members of the City of Inglewood for \$1.00.

Council Member/Member Dunlap stated that she had a problem with this body negotiating with itself. She inquired how many recently built senior centers have housing.

Barron McCoy commented that he is not familiar with a project in Southern California area currently that has a design that has been proposed with the senior center and residential units.

Council Member/Member Dunlap inquired why the City did not choose to do a standard loan state of the art senior center for the seniors.

Barron McCoy replied that he does not know why the Mayor and City Council elected to do this project. He commented even though there is a need for affordable residential units for seniors, there is also a need for a state of the art senior center for the community.

Council Member/Member Dunlap inquired how many of those units would be set aside for seniors.

Barron McCoy replied 44.

Council Member/Member Dunlap inquired from staff whether surveys were carried out with seniors in the community asking if they had a problem living among families.

Barron McCoy commented that he had not done any surveys but is aware that staff from Parks and Recreation Department had interplayed with the senior population.

Council Member/Member Dunlap stated that most seniors do enjoy the senior living environment and she questioned the mixing of this type of housing and commented she does not know if that is a good idea. In reference to the \$9.2M dollars bond proceeds; she inquired if the investors were informed that those funds would be used for a new senior center.

Barron McCoy stated that a list was provided detailing improvements and the senior center was on the list.

Council Member/Member Price thanked staff for the presentation and stated this project is something everyone is interested in and concerned about. He expressed his concerns about the use of CDBG and Section 108 Loan funds and commented that funding for existing programs and services should not be taken away and he would like to guard these services as much as possible so that they are not jeopardized. He inquired what the City has been doing with the Section 108 Loan funding.

Barron McCoy commented that from the \$13M dollars, \$5M dollars has been allocated for small business loans, \$2.5M dollars towards the D-3 Site and the balance was interest.

Council Member/Member Price inquired whether the City has to show a specific source of repayment of the Section 108 Loan.

Barron McCoy commented that as currently structured under the Small Business Loan Program, when the loans are made, fees are then charged when repaid by the borrower. He stated that the original \$5M dollars that was received in Section 108 Loan funds had already been repaid from future allocations therefore these are unaccountable and they don't have to be repaid.

Council Member/Member Price commented that his concern or wish would be that CDBG grants and Section 108 Loan funds as they are being considered would be a last resort.

Barron McCoy commented that staff is keenly aware about Council's concerns with regards

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to funding and allocation and would only look at those as a last resort and would not arbitrarily come before the City Council suggesting that programs be eliminated. In reference to options of funding for the residential component he commented that they have run some numbers and would come back before the Council with specifics. He commented that he would like for the City Council/Redevelopment Agency to consider some of the funding sources as it relates to housing such as the home dollars because they have specific restrictions in terms of amount of rent that could be charged and how much revenue has been generated once operating revenues are paid.

Mayor/Chairman Dorn inquired from Richard McNish, Economic Development Manager, whether he has looked at this as a source of funding.

Richard McNish, Economic Development Manager replied yes and referred to page 15 of the handouts presented by the Redevelopment Agency. He commented that the net operating income is to be used to cover the debt service of the loan and at \$264,000 this would enable the City to pay \$2M dollars in debt leaving the City in a gap. He stated that if the City was to use the 63-20 Bond or a 501(c)(3) tax exempt bond it could cover a huge amount of debt. He commented that the numbers he had on a prior performer was \$700,000 in income, less vacancy allowance and operating expenses, resulting in a net operating income of \$433,000. He further commented if that debt is paid with HUD Section 108 Loan there would be a debt amount of \$408,000 yearly in repayment. He also commented that with HUD they have to meet a 1.2 point debt coverage ratio meaning that for every dollar of debt the City must have a \$1.20 in net cash flow. Finally, he commented that he spoke with the National Development Council, a non-profit organization, who has used the 501(c) tax on a number of occasions. Mr. McNish gave out handouts and made references and comparisons to pages 4, 8 and 10.

Mayor/Chairman Dorn inquired whether if they would be able to finance the rest of this project using the 63-20 financing.

Richard McNish commented that Mr. McCoy explained to him the only funds to be considered as debt would be the HUD Section 108 Loan, which is about \$4.5M dollars with other funding to be reallocated. He stated he viewed it from a debt service capability of \$4.5M dollars and did his comparisons.

Mayor/Chairman Dorn inquired if they would have to rely on CDBG funds under this financing.

Richard McNish stated that he was hopeful the City would not. He commented that the priority for approval by HUD depends on the ability of the borrower to pay the debt services. He also commented that the second source of repayment would be the personal guarantees or real estate guarantees and assets of the borrower and lastly, block grant monies.

Council Member/Member Morales stated that would be fine.

Council Member/Member Franklin inquired from Mr. McNish whether this was with or without the "intergenerational" theme.

Richard McNish stated that he did not take into account "intergenerational" but did it from a cash flow bases.

Council Member/Member Franklin stated that whatever this center is going to become the City Council/Redevelopment Agency needs to make a decision on what the quality of life would be for those seniors but if they are talking about a group that is non-seniors, this may have a significant impact on their quality of life. He also commented that what they are talking about is the revenue source to make it happen.

Mayor/Chairman Dorn commented that his discussions with seniors and various senior

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committees was who is going to own the facility. He stated that they felt that if the City owned the facility they would not have a problem with intergeneration because they know the City would be the administrator and would see that they are protected at all times. He also commented that there are other facilities that have non-seniors residing which the City does not own or administer and there were problems which takes time to be dealt with because the City cannot act quickly.

Richard McNish referred to page 24 of the handouts and commented that one of the benefits of the tax exempt of the 63-20 bond is (1) the local government needs to endorse the financing (2) the facility has to be occupied by a tax exempt entity and (3) the facility must revert to the ownership of the endorsing local government at the retirement of the debt.

Council Member/Member Morales commented that this is a concept which should be explored. He commented that their concerns might be the negative impact on resources if CDBG monies were to be used. He inquired from the City Administrator/Executive Director whether the two departments could be put together and how are they going to approach it from this point forward.

The City Administrator/Executive Director commented that based upon the questions and comments received from the City Council/Redevelopment Agency this provides further direction on how they should be moving. He further commented that there has not been any opportunity to sit with the Council, panel or the Agency to get any impact and even though there have been some individual conversations, he doesn't think all the information was given out. Finally, he commented that he is prepared to move in whatever direction the City Council/Redevelopment Agency is going to present today.

Council Member/Member Morales stated that the goal of the City Council/Redevelopment Agency is a senior center. In regards to financing, he commented that they have now seen two different options and he would like to explore the one that has the least negative impact.

Council Member/Member Franklin stated that he would also like to receive the breakdown of these allocation of resources that is currently being spent and what the conditions would be should they opt to draw from those funds. He further commented that he would like to have a better understanding of the 63-20 tax exempt bond that Mr. McNish just addressed on how it might impact them. Finally, he commented that perhaps the two departments might come up with another resource which the City may want to consider. He stated that the Council is interested to hear but would like a better presentation as far as the contents to enable them to make quality decisions to move forward.

Council Member/Member Price inquired whether the 63-20 tax bond envisioned creating a non-profit to work with an existing non-profit.

Richard McNish commented that through a contractor with the National Development Council the City could use their non-profit as the facilitating entity that would then issue the bonds and guide the City through the process.

Council Member/Member Price commented that according to this scenario they would own it for some period of time and then it would revert back to the City.

Richard McNish stated that under the 63-20 provision the ownership would revert back to the municipal entity (the City of Inglewood) at the time the bonds are repaid.

Council Member/Member Price inquired what the terms of the bonds were.

Richard McNish replied they would be about 30 years.

Council Member/Member Price commented that this presents an interesting alternative and asked the City Administrator/Executive to try and get all these options in one place at one time so that they could make some judgments.

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Council Member/Member Franklin inquired whether there is a cap as to how much could be drawn on a bond.

Richard McNish stated that they are looking at bonds for multiple uses and the City's bonding capacity is determined by its rating and ability to show they would honor the debt.

Council Member/Member Franklin inquired if by any chance there are vacancies with the 58 units being that the debt service is based upon these units being fully occupied, where the gap was and where were the funds coming from.

Barron McCoy commented that with the performer there is always a 5% vacancy rate calculated because they anticipate at some point there would be one or more units to be vacant.

Council Member/Member Franklin inquired whether there is a 5% reserved.

Barron McCoy replied yes.

Joseph Rouzan commented that they can come back with an extensive explanation.

Council Member/Member Dunlap inquired what the annual operating deficit was prior to the refinancing of the City's pension obligation and what it would be for the next ten years.

Mayor/Chairman Dorn commented that he thinks the next step would be to have this workshop continued and he would now open the workshop for public comments.

Speaker (No name given) referred to the Cerritos Housing for seniors and commented that she would like to reside in them. She commented that a 7 story building is not conducive for seniors and when elevators do go out it would not be quite feasible. In reference to the architect, she commented that there should be another plan.

Emmett Simmons commented that he would like to know how the City is going to work out this project with a mixed occupancy. He stated that he has heard this project has been going on for too long and inquired when it would become a reality. He also inquired about the status of the project, whether citizens of the City would be employed, who the contractor is, the type of agreement and whether the contract will call for people to be employed from the community.

Paul Russell, District 2, commented that this is a workshop in progress and that no decisions have to be made just now. He commented that although considerable funds have been spent on plans and blue prints, he understands there is a list of seniors who would like affordable housing. He stated that every concept he had seen looks great but there were some problems that have not been thoroughly addressed. He also stated that the existing senior center is great and would hate to see that semi-monument destroyed. He commented that he does not understand why the existing senior center could not be improved and use the vacant lot as senior housing. He stated that his is an option that has not been explored and he does not know why the City has opt into "intergenerational" because it now turns out that that was for funding purposes which did not come through and now the City is tied to "intergenerational". Finally, he commented that he was hopeful that at the next workshop the City Council would consider stepping backwards and look at keeping the existing senior center and consider whether they need city funded residential housing or could a private sector step in.

Ethel Austin, District 1, spoke concerning bickering and requested it to stop. She inquired how many years this project has been in operation.

Mayor/Chairman Dorn inquired whether a date has been set for the next workshop.

Following discussion, it was the consensus of the City Council/Redevelopment Agency that

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the meeting for June 20, 2006 starts at 4:00p.m. for closed session and at 6:00 p.m. for the regular session.

Council Member/Member Dunlap commented for the record that she objects to the 6:00 p.m. regular meeting and that it should commence at 7:00 p.m.

There being no further business to be presented, Chairman Dorn declared the meeting adjourned at the hour of 4:33 p.m.

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Secretary

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2006

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Chairman