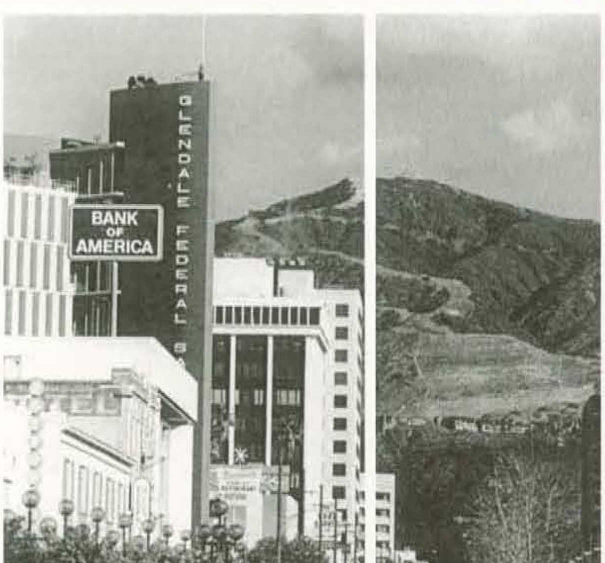
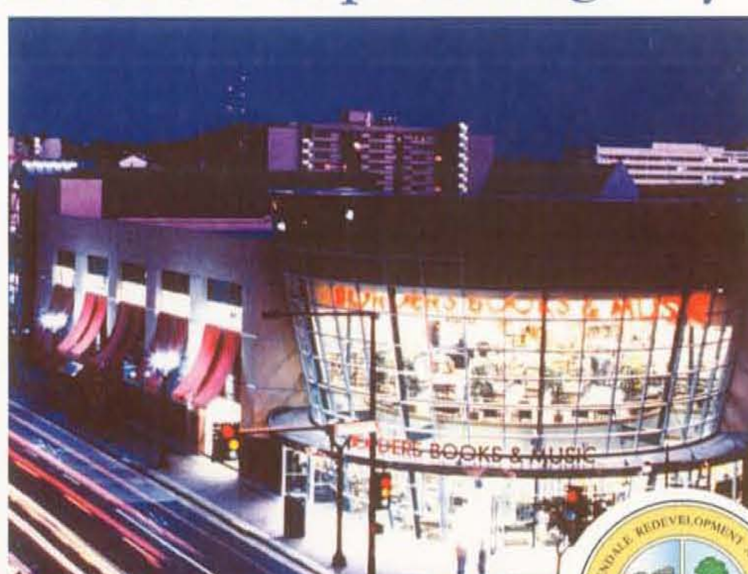
GLENDALE

Year Ended – June 30, 2009

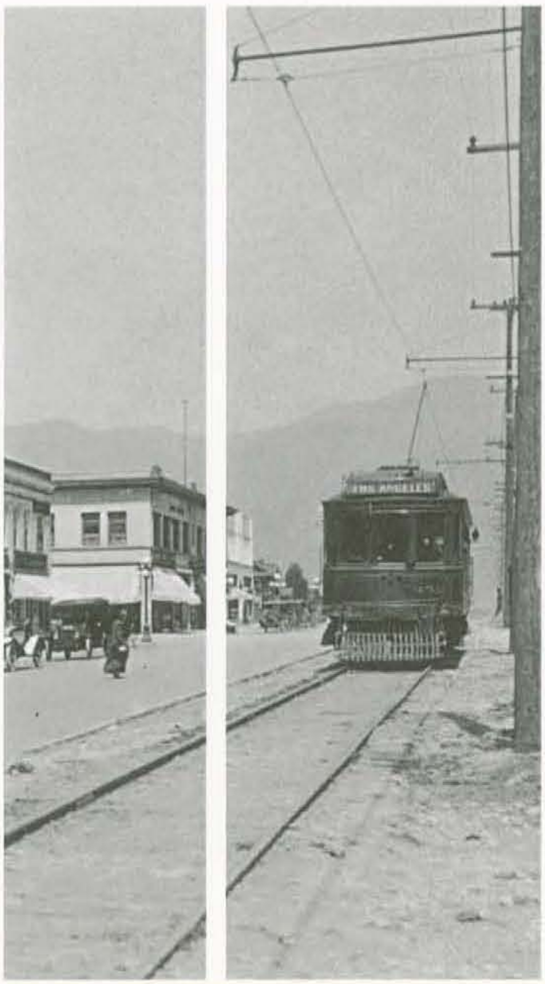
ANNUAL FINANCIAL REPORT

Glendale Redevelopment Agency





Glendale Redevelopment Agency
Annual Financial Report



Chairperson
John Drayman

Agency Members
Laura Friedman
Ara Najarian
Frank Quintero
Dave Weaver

Executive Director
James E. Starbird

Director of
Development Services
Philip S. Lanzafame

Director of Administrative
Services-Finance
Robert P. Elliot, CPA

Year Ended - June 30, 2009

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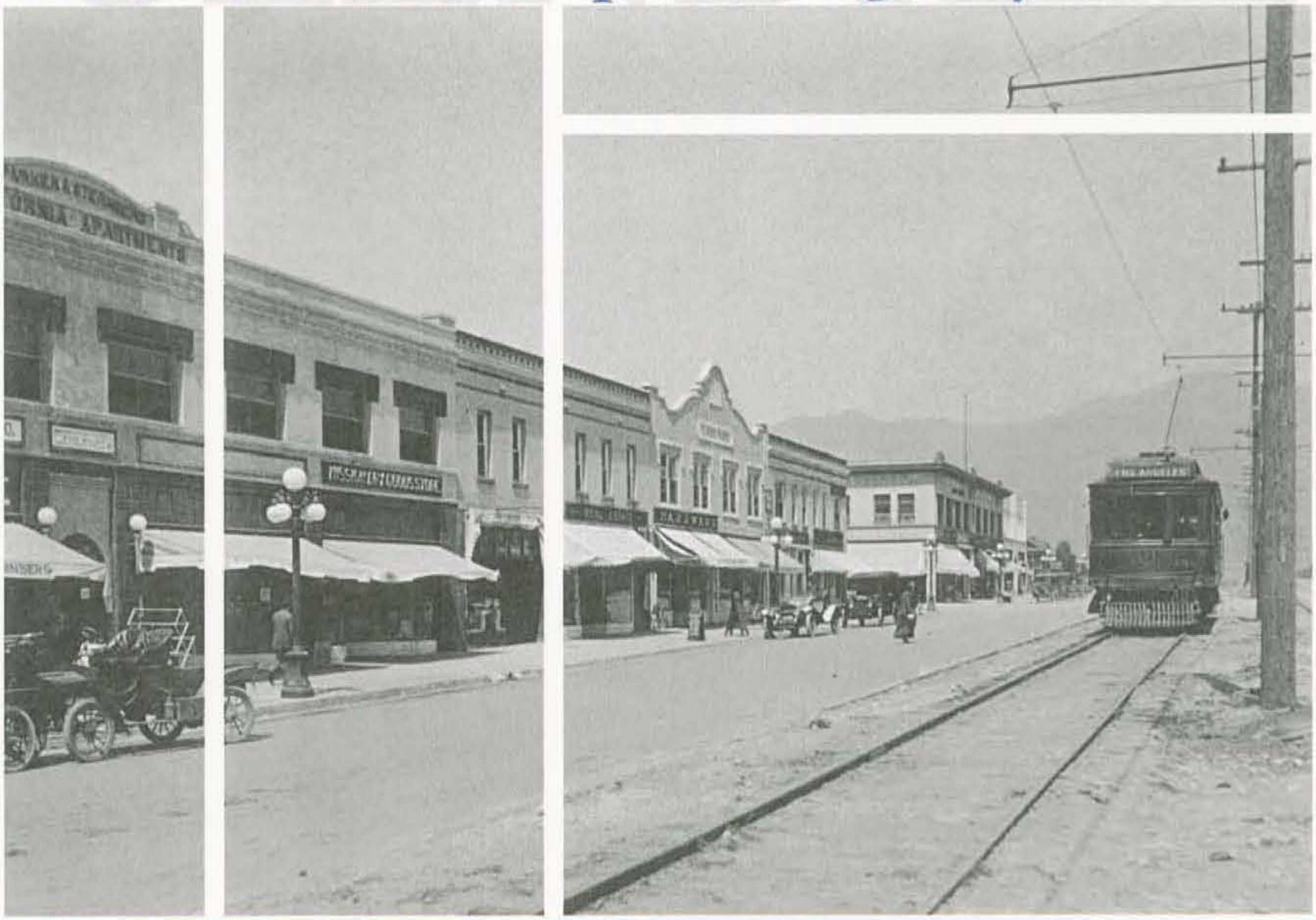
Year Ended – June 30, 2009

GLENDALE

Glendale Redevelopment Agency



INTRODUCTORY SECTION

Year Ended – June 30, 2009

Glendale Redevelopment Agency

633 East Broadway, Suite 201, Glendale, CA 91206-4387
Telephone (818) 548-2005 (818) 548-3155
Fax (818) 240-7913 (818) 409-7239
www.ci.glendale.ca.us

November 24, 2009

Honorable Chair and Members
of the Glendale Redevelopment Agency
City of Glendale
Glendale, CA 91206

INTRODUCTION

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to the requirement, we hereby issue the annual financial report of the Glendale Redevelopment Agency (Agency) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

McGladrey & Pullen LLP, a firm of certified public accountants, has audited the Agency's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GLENDALE REDEVELOPMENT AGENCY

The Agency was created by the Glendale City Council Ordinance No. 4017, adopted March 28, 1972 and was established pursuant to the Community Redevelopment Law of California as modified in Part I of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City even though the City Council has the authority to appoint the Agency's Governing Board.

At present, the Glendale City Council serves as the governing body of the Agency with the authority to carry out redevelopment activities. The City Manager serves as Executive Director; the Director of Administrative Services serves as the Treasurer of the Agency; the City Clerk serves as Secretary of the Agency; and the City Attorney serves as Agency Counsel.

The Agency currently has two project areas:

1. The Central Glendale Redevelopment Project was formally created by Ordinance No. 4042 dated August 1, 1972. Originally encompassing 221 acres located in the heart of the City of Glendale (the City), the project area has grown by annexation to encompass 263 acres. The project area consists principally of commercial, office, and retail uses.

2. The San Fernando Road Corridor Redevelopment Project was formally created by Ordinance No. 5003 dated December 15, 1992. The project area encompasses 750 acres, which is primarily used for industrial, manufacturing and entertainment related business.

The actions of the Agency are binding, and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a blighted condition, as defined under State law.

The California Community Redevelopment Law of California provides that, pursuant to the adoption of a redevelopment plan, the Agency is entitled to a proportional amount based on statutory tax-sharing arrangement for all future incremental property tax revenues attributable to increases in the property tax base within the Central Redevelopment Project Area and a proportional amount based on tax-sharing agreements in the San Fernando Corridor Project Area. Property taxes levied for the fiscal year ended on June 30 are payable in equal installments due on November 1 and February 1 and collectible December 10 and April 10, respectively.

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FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

LOCAL ECONOMY

Economic growth in the City of Glendale is relatively flat. During the last year, there has been a slow growth in property tax revenue. The growth in sales tax revenue decreased due to declining sales activity, especially for general consumer goods and the retail auto sector.

LONG-TERM FINANCIAL PLANNING

The Agency uses a cash-flow model in its long-term financial planning. This model is segregated by each project area {Central & San Fernando} and projects tax increment and project expenses out for ten years or longer.

The following projects will be significant to the Agency's generation of revenue.

CENTRAL PROJECT

AMERICANA AT BRAND (TOWN CENTER)

The Americana at Brand is a mixed-use pedestrian oriented, residential, retail and commercial center with major public open space elements anchoring the southern edge of the Project Area. The 15.5 acre site is generally bounded by Brand Boulevard, Central Avenue, the Galleria II parking structure, and Colorado Street.

EMBASSY SUITES HOTEL

The Embassy Suites Hotel project is an all-suites business class hotel located on Burchett Street adjacent to the Hilton Glendale. The 272 room hotel opened in November 2008.

HYATT PLACE GLENDALE

Hyatt Place Glendale is an 11-story, 172-room hotel located at the northeast corner of Central and Wilson Avenues. The Agency has approved Stage I Design Review. The development team is currently negotiating the business terms, reviewing the environmental analysis and finalizing the Stage II Design and Ground Lease Agreement. The construction is estimated to commence in Spring 2011.

SAN FERNANDO CORRIDOR PROJECT

DREAMWORKS EXPANSION

DreamWorks Animation, LLC is adding 128,716 SF to the existing Lakeside Building and expanding its existing parking structure. Entitlements have been approved and plan check has been submitted to the City for review and approval. Construction is currently underway and the expansion is expected to be completed in March 2010.

GRAND CENTRAL GLENDALE CREATIVE CAMPUS

The Walt Disney Co. development project is continuing, bringing new construction and more jobs to the area, along with increased tax increment revenue. The first phase consisting of two 3-story, Hollywood Art Deco buildings (each 125,000 SF) was completed in December 2006. This $30 million first phase is located at the corner of Grandview and Flower Street. City and Agency staffs have been reviewing plans for a childcare facility. This 23,000 SF facility will be licensed for 236 children with a staff of 77.

AGENCY LOANS

As of June 30, 2009, the Agency's outstanding loan total is $3,371,737. The Agency's loan to the Glendale Unified School District (GUSD) in the amount of $1,771,737 was to fund the Moyse Field improvement project of the school district and $1,600,000 was to fund the purchase of the Embassy Suites Hotel property.

CASH MANAGEMENT POLICIES AND PRACTICES

Cash temporarily idle during the year was invested in the City Treasurer's portfolio. The average yield was 2.80 percent for the fiscal year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

RISK MANAGEMENT
The Agency participates in the City of Glendale's self-insurance programs for workers' compensation and general liability, which affect the Agency. These insurance activities are accounted for in the City of Glendale's Liability Insurance Fund, an internal service fund. As a component unit of the City of Glendale, the Agency is also covered under the City's policies for property insurance and cxcess liability coverage.

Additional information on the Agency's risk managemcnt can bc found in Notc IX of the financial statements.

SUMMARY

In conclusion, I would like to take this opportunity to express my appreciation to the staff of thc Administrative Services - Finance and Development Services, led by the efforts of Accounting Services Administrator, Lily Fang and Senior Accountant, Zinda Jimenez whose hard work and dedication have made the preparation of this report possible. I would like to express my apprcciation to the Agency Members and the Director of Development Services, Philip S. Lanzafamc, for their support and responsible planning of the Agency's financial affairs.

Respectfully submitted,

Robert Elliot

Robert P. Elliot, CPA
Director of Administrative Services - Finance

GLENDALE

Glendale Redevelopment Agency

FINANCIAL SECTION

Year Ended – June 30, 2009

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Honorable Chair and Members
Glendale Redevelopment Agency
Glendale, CA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Glendale Redevelopment Agency (the Agency), a component unit of the City of Glendale, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 24, 2009 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying introductory and statistical sections, including the Computation of Low-Moderate Income Housing Excess/Surplus Funds, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Pasadena, CA
November 24, 2009

GLENDALE REDEVELOPMENT AGENCY
Management's Discussion and Analysis
June 30, 2009
(in thousands)

As management of the Glendale Redevelopment Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on *pages i to iv* of this report. All amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- The liabilities of the Agency exceeded its assets at the close of the most recent fiscal year by $21,377 (*net assets*). Of this amount, a negative $105,317 (*unrestricted net assets*) exists. The deficit in unrestricted net assets is typical in redevelopment agencies. All redevelopment agencies leverage current tax increment revenues by issuing long-term debt to raise capital to promote economic growth within the project area.
- The Agency's total net assets increased by $8,170. This increase is attributable primarily to decrease of expenditures in the current fiscal year by $8,717; increase in the Tax Increment revenue receipt by $2,948 and a net decrease of other revenues by $7,856 due to prior fiscal year's Sale of Property Held for Resale.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $92,657; an increase of $11,514 in comparison with the prior year's combined fund balance of $81,143. This increase is due primarily to Loan Proceeds received in the Low and Moderate Housing Fund in the current fiscal year. At the end of the current fiscal year, the total unreserved fund balance for the Central Project, San Fernando Project, Low and Moderate Housing, and Town Center funds was a positive $32,999, $9,960, $4,851 and $3,296 respectively.

- The Agency's total debt increased by $8,399 (5.34 percent) during the current fiscal year mainly due to the following: (1) $4,831 decrease in ongoing debt service; (2) a new loan of $13,352 by the Glendale Housing Authority; and, (3) a net decrease of $122 to amounts owed to the City of Glendale.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements identify functions of the Agency that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include community development, education, housing assistance and interest and fiscal charges in bonds.

The government-wide financial statements can be found on *pages 9-11* of this report.

(in thousands)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are known as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating an Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Central Project, San Fernando Road Project, Low and Moderating Housing, Town Center, 2002 Tax Allocation Bonds, 2003 Tax Allocation Bonds Funds and Low and Mod Loans Payable.

The basic governmental fund financial statements can be found on *pages 13-19* of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on *pages 21-36* of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. The Agency's liabilities exceeded assets by $21,377 at the close of the fiscal year.

The Agency has a negative balance in *unrestricted net assets* ($105,317) due primarily to a significant amount of ($84,044) outstanding bonded debt. Restricted net assets are an additional portion of the Agency's net assets of $34,131 that represent resources that are subject to external restrictions on how they may be used.

Glendale Redevelopment Agency's Net Assets

		Total Governmental Activities	
		2009	**2008**
Current assets and other assets	$	98,051	85,532
Capital assets		49,809	44,545
Total assets		147,860	130,077
Long term debt		156,298	150,545
Current liabilities		12,939	9,078
Total liabilities		169,237	159,623
Net assets (deficits):			
Investment in general FA		49,809	44,545
Restricted		34,131	34,933
Unrestricted		(105,317)	(109,024)
Total net assets (deficits)	$	(21,377)	(29,547)

(in thousands)

The Agency has a deficit in unrestricted net assets due to the nature of redevelopment financing. Redevelopment agencies typically leverage current tax increment revenues by issuing long-term debt (including loans from the City) in order to raise capital to conduct activities that eliminate blight and to promote economic development within the project area. The new projects constructed, in turn, generate additional tax increment revenues, which again, may only be captured to the extent that the Agency incurs indebtedness. Indebtedness includes bonded indebtedness, notes, loans, advances, payments due under development agreements, and City loans. The Agency incurs debt based on future tax increments to fund infrastructure projects. Once the infrastructure projects are completed, the asset is transferred to the City; however, the debt remains with the Agency resulting in deficit net assets.

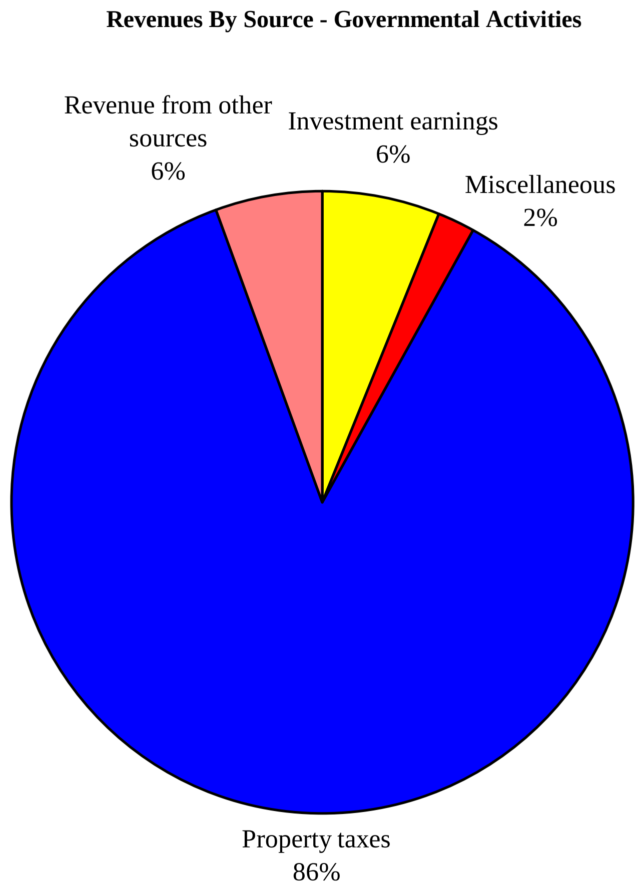
Governmental activities. Governmental activities increased the Agency's net assets by $8,170 thereby accounting for the total increase in the net assets of the Agency. Key elements of this increase are as follows:

Glendale Redevelopment Agency's Changes in Net Assets

		Total Governmental Activities	
		2009	**2008**
Revenues:			
Program revenues:			
Charges for services	$	19	25
General revenues:			
Property taxes		35,282	32,335
Revenue from other sources		2,279	2,245
Investment earnings		2,521	3,332
Sale of property		-	5,980
Miscellaneous		703	1,795
Total revenues		40,804	45,712
Community development		13,793	31,476
Education		1,740	675
Housing assistance		11,151	2,252
Interest and fiscal charges on bonds		5,950	6,948
Total expenses		32,634	41,351
Change in net assets		8,170	4,361
Net assets - July 1		(29,547)	(33,907)
Net assets - June 30	$	(21,377)	(29,547)

- Property taxes increased by $2,948.
- Investment earnings decreased by $811, largely due to decrease in the current year's investment yield.
- Miscellaneous revenues consist primarily of rental revenue and First Time Home Buyer Program loan payoffs.
- Community development related expenses decreased by $17,683 in the current year due to one time contribution to the Americana at Brand Project in the Central Redevelopment Project Area in fiscal year 2007-2008.

Revenues By Source – Governmental Activities



Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of an Agency's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $92,657, an increase of $11,514 in comparison with the prior year. The Agency has $52,490 in *unreserved fund balance* and the remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period $12,098, (2) to hold property for future development $15,883 (3) for principal and interest payments toward outstanding bond debt $8,579, (4) for deposits $7 (5) for prepaid expenditures $228 and (6) for loans receivable $3,372.

(in thousands)

The combined fund balance of the Agency's Central Project, San Fernando Project, Town Center, and Low & Moderate Housing funds increased from $71,093 to $82,692, an increase of $11,599 compared to the prior fiscal year. This change is primarily due to decrease activities in the Central project area, increase in encumbrances, sale of property and increase in other financing sources in the Low and Moderate Housing Fund.

The debt service funds have a total fund balance of $9,965, of which $8,579 is reserved for debt service payments.

Capital Asset and Debt Administration

Capital assets

The Agency's investment in capital assets for its governmental activities as of June 30, 2009, amounts to $49,809 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The total increase in the Agency's investment in capital assets for the current fiscal year was $5,263, which was primarily due to Railroad Crossing projects in the San Fernando Road Corridor Project Area.

Glendale Redevelopment Agency's
Capital Assets

		Total Governmental Activities	
		2009	**2008**
Land	$	28,918	28,918
Buildings and Improvements		14,331	14,041
Machinery and Equipment		654	654
Construction in progress		9,616	4,160
Total capital assets		53,519	47,772
Less Accumulated Depreciation			
Building and Improvements		3,120	2,654
Machinery and Equipment		589	573
Total Accumulated Depreciation		3,709	3,227
Capital Assets Net of Depreciation	$	49,809	44,546

Additional information on the Agency's capital assets can be found in the notes on *page 28 of* this report.

(in thousands)

Long-term debt.

At the end of the current fiscal year, the Agency has total bonded debt outstanding of $84,043 all of which is backed by the Agency's revenue from property tax increment.

Glendale Redevelopment Agency's Outstanding Debt

		Total Governmental Activities	
		2009	**2008**
GRA Tax allocation bonds	$	84,044	88,875
Long-term debt to City		68,380	68,502
Low & Mod Loan		13,352	-
Total outstanding debt	$	165,776	157,377

- The Agency's total debt increased by $8,399 (5.34 percent) during the current fiscal year mainly due to the following: (1) $4,831 decrease in ongoing debt service; (2) a new loan of $13,352 by the Glendale Housing Authority; and, (3) a net decrease of $122 to amounts owed to the City of Glendale.

Additional information on the Agency's long-term debt can be found on *pages 29 through 31* of this report.

The City's Debt Ratings (based on insurance purchased related to the issues):

Debt Issue	Moody's	Standard & Poor's (S & P)
2002 GRA Tax allocation bonds	Aaa	AAA
2003 GRA Tax allocation bonds	Aaa	AAA

Economic Factors

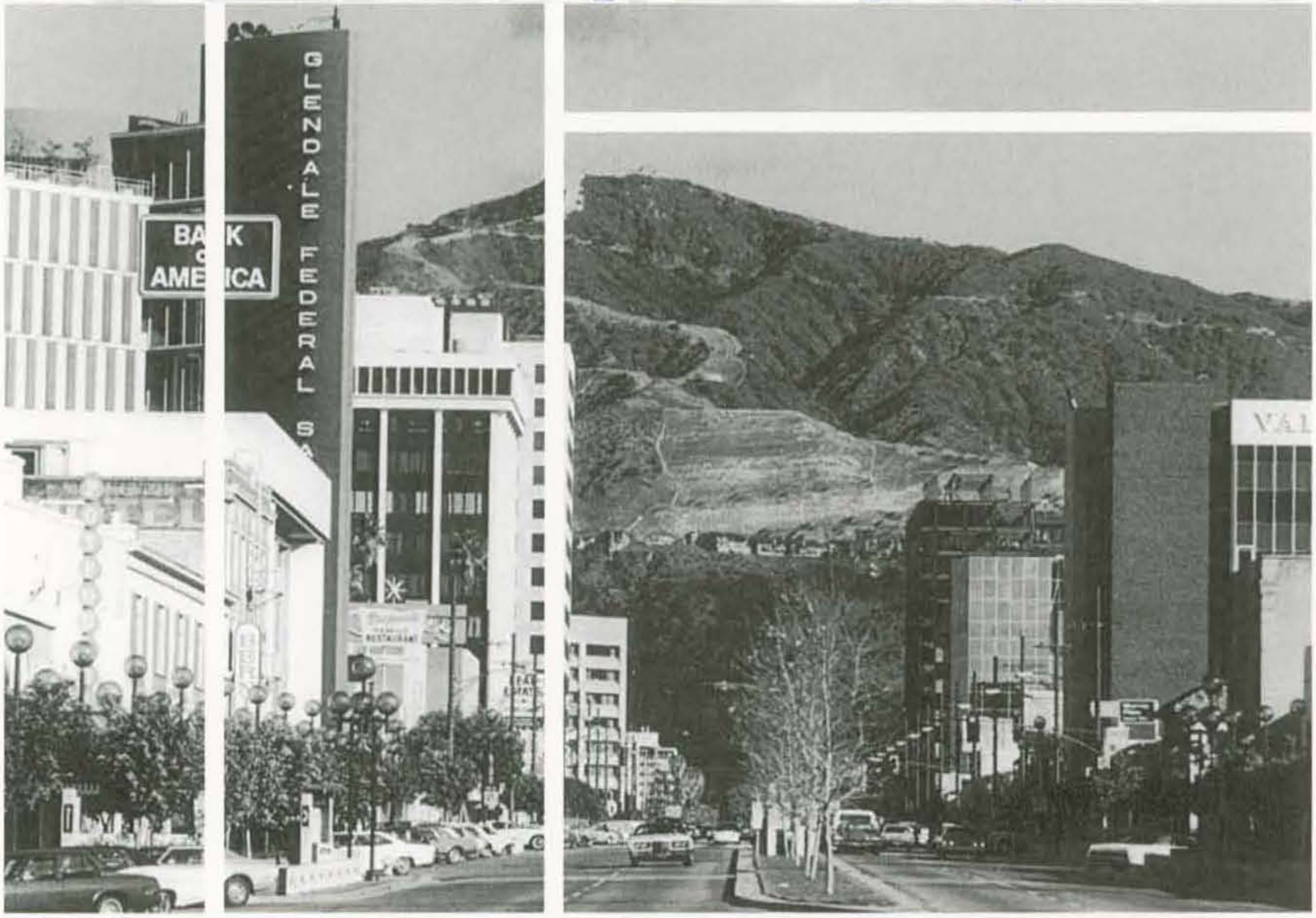
- 86 percent of the Agency's revenues come from tax increment

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services - Finance, City of Glendale, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

GLENDALE

Glendale Redevelopment Agency



BASIC FINANCIAL STATEMENTS

Year Ended – June 30, 2009

Exhibit A

GLENDALE REDEVELOPMENT AGENCY

Statement of Net Assets (Deficits)

June 30, 2009

(in thousands)

		Governmental Activities
ASSET		
Pooled Cash and invested cash	$	61,572
Cash with fiscal agent		10,676
Interest receivable		468
Due from other agencies		3,577
Deposits		7
Prepaid items		228
Accounts receivable, net		45
Deferred charges		2,224
Loans receivable		3,371
Property held for resale		15,883
Capital assets, net		49,809
Total assets		147,860
LIABILITIES		
Accounts payable		1,384
Due to other agencies		1,754
Accrued interest		293
Bonds payable, due in one year		7,396
Deposits		31
Advances from City of Glendale		68,380
Bonds payable, net of current portion		89,999
Total liabilities		169,237
NET ASSETS		
Invested in capital assets		49,809
Restricted		
Low and moderate housing		25,552
Debt service		8,579
Unrestricted		(105,317)
Total net assets	$	(21,377)

The notes to the financial statement are intergral part of this statement.

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Exhibit B

GLENDALE REDEVELOPMENT AGENCY

Statement of Activities

For Fiscal Year Ended June 30, 2009

(in thousands)

		Expenses	Charges for Services	Operating Grants and Contri-butions	Capital Grants and Contri-butions	Govern-mental Activities
Governmental activities:						
Community development	$	13,793	19	-	-	(13,774)
Education		1,740	-	-	-	(1,740)
Housing assistance		11,151	-	-	-	(11,151)
Interest and fiscal charges on bonds		5,950	-	-	-	(5,950)
Total government	$	32,634	19	-	-	(32,615)

General revenues:		
Property taxes		35,282
Revenue from other sources		2,279
Investment earnings		2,521
Miscellaneous		703
Total general revenues		40,785
Change in net assets		8,170
Net assets - July 1		(29,547)
Net assets - June 30	$	(21,377)

The notes to the financial statement are integral part of this statement.

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Exhibit C
GLENDALE REDEVELOPMENT AGENCY
Balance Sheet
Governmental Funds
June 30, 2009
(in thousands)

		Special Revenue funds			
		Central Project	**San Fernando Project**	**Low and Moderate Housing**	**Town Center**
Assets					
Pooled Cash and invested cash	$	33,522	8,756	14,373	3,646
Cash with fiscal agent		-	1,985	-	-
Interest receivable		330	47	71	20
Due from other agencies		883	2,298	396	-
Prepaid items		-	222	6	-
Accounts receivable, net		45	-	-	-
Deposits		-	7	-	-
Loans receivable		3,372	-	-	-
Property held for resale		2,190	-	10,809	2,885
Total assets		40,341	13,316	25,655	6,551
Liabilities and Fund Balances					
Liabilities:					
Accounts payable		481	430	102	370
Due to other agencies		1,076	678	-	-
Deposits		31	-	-	-
Total liabilities		1,588	1,108	102	370
Fund Balances:					
Reserved:					
Deposit		-	7	-	-
Prepaid		-	222	6	-
Debt service		-	-	-	-
Encumbrances		193	2,019	9,886	-
Loans Receivable		3,372	-	-	-
Property Resale		2,190	-	10,809	2,885
Unreserved		32,999	9,960	4,851	3,296
Total fund balances		38,752	12,208	25,552	6,180
Total liabilities and fund balances	$	40,341	13,316	25,655	6,551

The notes to the financial statement are integral part of the statement.

(Continued)

Exhibit C
GLENDALE REDEVELOPMENT AGENCY
Balance Sheet
Governmental Funds
June 30, 2009
(in thousands)

		Debt Service Funds			
		2002 Tax Allocation Bonds	2003 Tax Allocation Bonds	Low & Mod Loans Payable	Total Governmental Funds
Assets					
Pooled Cash and invested cash	$	543	726	6	61,572
Cash with fiscal agent		3,849	4,841	-	10,676
Interest receivable		-	-		468
Due from other agencies		-	-	-	3,577
Prepaid items		-	-	-	228
Accounts receivable, net		-	-	-	45
Deposits		-	-	-	7
Loans receivable		-	-	-	3,372
Property held for resale		-	-	-	15,883
Total assets		4,392	5,567	6	95,827
Liabilities and Fund Balances					
Liabilities:					
Accounts payable		-	-	-	1,384
Due to other agencies		-	-	-	1,754
Deposits		-	-	-	31
Total liabilities		-	-	-	3,169
Fund Balances:					
Reserved:					
Deposit		-	-	-	7
Prepaid		-	-	-	228
Debt service		3,808	4,771	-	8,579
Encumbrances		-	-	-	12,098
Loans Receivable		-	-	-	3,372
Property Resale		-	-	-	15,883
Unreserved		585	795	6	52,490
Total fund balances		4,392	5,567	6	92,657
Total liabilities and fund balances	$	4,392	5,567	6	95,827

The notes to the financial statement are integral part of the statement.

Exhibit C.1

GLENDALE REDEVELOPMENT AGENCY

Governmental Funds

Reconciliation of Balance Sheet of

Governmental Funds to the Statement of Net Assets (Deficits)

June 30, 2009

(in thousands)

Fund balances of governmental funds			$	92,657
Amounts reported for governmental activities in the statement				
of net assets are different because:				
Capital assets are not included as financial resources in				
governmental fund activity.				
Cost of capital assets	$	53,518		
Accumulated depreciation		(3,710)		49,809
Costs of issuance of bonds were fully expended in the governmental				
funds. This is the amount to establish the unamortized deferred charges.				
2002 Tax Allocation Bonds		721		
2003 Tax Allocation Bonds		1,440		
Low & Mod Loan		64		2,225
Long-term debt are not included in the governmental fund activity:				
Due within one year:				
Principal:				
Due to the City of Glendale		(2,081)		
2002 Tax allocation bonds		(2,165)		
2003 Tax allocation bonds - net of deferred amount on refunding		(2,615)		
Low & Mod Loan		(2,366)		
Bond premium:				
2002 Tax allocation bonds		(106)		
2003 Tax allocation bonds		(145)		(9,477)
Due more than one year:				
Principal:				
Due to the City of Glendale		(66,299)		
2002 Tax allocation bonds		(34,140)		
2003 Tax Allocation Bonds - net of deferred amount on refunding		(42,012)		
Low & Mod Loan		(10,986)		
Bond premium:				
2002 Tax allocation bonds		(1,215)		
2003 Tax allocation bonds		(1,646)		(156,298)
Accrued interest payable for the current portion of interest due are				
not included in the governmental fund activity:				
2002 Tax allocation bonds		(140)		
2003 Tax allocation bonds		(169)		
Low & Mod Loan		17		(292)
Net assets (deficits) of governmental activities			$	(21,377)

The notes to the financial statement are integral part of the statement

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Exhibit D

GLENDALE REDEVELOPMENT AGENCY

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For Fiscal Year Ended June 30, 2009
(in thousands)

		Special Revenue Funds			
		Central Project	San Fernando Project	Low and Moderate Housing	Town Center
Revenues:					
Property taxes	$	13,361	6,665	6,292	-
Revenue from other agencies		-	2,279	-	-
Charges for services		19	-	-	-
Use of money and property		1,406	302	351	126
Sale of Property		-	-	131	-
Miscellaneous revenue		88	-	637	-
Total Revenues		14,874	9,246	7,411	126
Expenditures:					
Current					
Community development					
County property tax administration		316	165	120	-
Pass through		1,903	3,829	-	-
Administration		2,626	210	1,208	-
Housing assistance		-	-	11,151	-
Education		1,055	685	-	-
Capital project		1,946	5,600	-	1,125
Debt Service					
Principal retirement		-	-	-	-
Interest bonds		-	-	-	-
Interest on debt to City		2,040	-	-	-
Total expenditures		9,886	10,489	12,478	1,125
Excess of revenues over (under) expenditures		4,988	(1,243)	(5,067)	(999)
Other financing sources (uses):					
Notes proceeds		-	-	14,000	-
Cost of issuance		-	-	(80)	-
Total other financing sources (uses)		-	-	13,920	-
Net change in fund balances		4,988	(1,243)	8,853	(999)
Fund balance, July 1		33,764	13,451	16,699	7,179
Fund Balance, June 30	$	38,752	12,208	25,552	6,180

The notes to the financial statement are integral part of the statement.

(Continued)

Exhibit D

GLENDALE REDEVELOPMENT AGENCY

Statement of Revenues, Expenditures, and Changes
Governmental Fund
For Fiscal Year Ended June 30, 2009
(in thousands)

		Debt Service Funds			
		2002 Tax Allocation Bonds	**2003 Tax Allocation Bonds**	**Low & Mod Loans Payable**	**Total Governmental Funds**
Revenues:					
Property taxes	$	3,620	4,580	764	35,282
Revenue from other agencies		-	-	-	2,279
Charges for services		-	-	-	19
Use of money and property		191	117	6	2,499
Sale of Property		-	-	-	131
Miscellaneous revenue		-	-	-	725
Total Revenues		3,811	4,697	770	40,935
Expenditures:					
Current					
Community development					
County property tax administration		-	-	-	601
Pass through		-	-	-	5,732
Administration		5	5	-	4,053
Housing assistance		-	-	-	11,151
Education		-	-	-	1,740
Capital project		-	-	-	8,671
Debt Service					
Principal retirement		2,100	2,680	648	5,428
Interest bonds		1,715	2,094	116	3,925
Interest on debt to City		-	-	-	2,040
Total expenditures		3,820	4,779	764	43,341
Excess of revenues over (under) expenditures		(9)	(82)	6	(2,406)
Other financing sources (uses):					
Notes proceeds		-	-	-	14,000
Cost of issuance		-	-	-	(80)
Total other financing sources (uses)		-	-	-	13,920
Net change in fund balances		(9)	(82)	6	11,514
Fund balance, July 1		4,402	5,648	-	81,143
Fund Balance, June 30	$	4,393	5,566	6	92,657

The notes to the financial statement are
integral part of the statement.

Exhibit D.1

GLENDALE REDEVELOPMENT AGENCY

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For Fiscal Year Ended June 30, 2009

(in thousands)

Net change in fund balances - total governmental funds		$ 11,514
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital assets changes as expenditures		5,746
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(482)
In the statement of activities, the cost of issuance of bonds is allocated over the life of bonds as an expense		
2002 Tax Allocation Bonds	$ (58)	
2003 Tax Allocation Bonds	(118)	
Low & Mod Housing Loan	64	(111)
In the statement of activities, the deferred amounts on refunding are allocated over the life of the bonds as a component of interest expense.		(200)
In the statement of activities, bond premium are allocated over the life of the bonds as a component of interest expense		
2002 Tax Allocation Bonds	106	
2003 Tax Allocation Bonds	145	251
Repayment of bond principal is an expenditure in the governmental funds, the repayment reduces long-term liabilities in the statement of net assets.		
2003 Tax Allocation Bonds	2,680	
2002 Tax Allocation Bonds	2,100	
Low & Mod Loan	648	5,428
In the statement of activities, interest is accrued on outstanding debt; whereas in the governmental fund, interest is recognized when matured.		
Accrued interest, June 30, 2009:		
Due to the City of Glendale	(226)	
2002 Tax Allocation Bonds	(140)	
2003 Tax Allocation Bonds	(169)	
Low & Mod Loan	17	(519)
Accrued interest, June 30, 2008		
2002 Tax Allocation Bonds	146	
2003 Tax Allocation Bonds	180	326
Sale of Property in the current fiscal year recorded in the governmental fund and deferred revenue was recorded in the government -wide fund in prior fiscal year.		(131)
Payment of Agency debt to the City was recorded in the governmental fund whereas the long-term debt is recorded in the government-wide fund.		- 348
Low & Mod Loan Proceeds were recorded in the governmental fund as revenue from other sources whereas liability is recognized in government-wide fund.		- (14,000)
Change in net assets of governmental activities		$ 8,170

The notes to the financial statement are integral part of the statement

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I. Summary of Significant Accounting Policies

A. Entity

The following is a summary of the significant accounting policies of the Glendale Redevelopment Agency (the Agency).

The Agency was created by the City Council Ordinance No. 4017, adopted on March 28, 1972 and was established pursuant to the Community Redevelopment Law of California as modified in Part I of Division 24 of the State of California Health and Safety Code. Although the Agency is a separate legal entity, it is subject to the oversight responsibility of the City Council of the City of Glendale (the City) and accordingly, is a component unit of the City for financial reporting purposes. The Agency's governing board is the City Council.

The Agency currently has two project areas as follows:

1. The Central Glendale Redevelopment Project was formally created by Ordinance No. 4042 dated August 1, 1972. Originally encompassing 221 acres located in the heart of the City, the project area has grown by annexation to encompass 263 acres. The project area consists principally of commercial, office and retail uses.

2. The San Fernando Road Corridor Redevelopment Project was formally created by Ordinance No. 5003 dated December 15, 1992. The project area encompasses 750 acres, which is primarily used for industrial, manufacturing and entertainment related business.

The actions of the Agency are binding, and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on the Agency activities as a whole. For the most part, the effect of interfund activity has been removed from these statements. The Agency only uses governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Accounting

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The Agency records all of its transaction in governmental fund types.

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the Agency's major governmental funds:

Special Revenue Funds -

- Central Project Fund - To account for monies received and expended within the Central Project area in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.
- San Fernando Project Fund -To account for monies received and expended within the San Fernando Project area in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.
- Low and Moderate Housing Fund – To account for housing set aside required under redevelopment laws of the State of California.
- Town Center Fund-Development fund for the 2002 Tax Allocation Bonds proceeds.

Debt Service Funds -

- 2003 Tax Allocation Bond Fund -To accumulate monies for the payment of interest and principal of the 2003 Tax Allocation Refunding Bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- 2002 Tax Allocation Bond Fund -To accumulate monies for the payment of interest and principal of the 2002 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- Low and Mod Loans Payable Fund -To accumulate monies for the payment of interest and principal of the Glendale Housing Authority Loan. Debt Service is financed via the 20% Housing set-aside of the incremental property tax from the Glendale Redevelopment Agency.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, during the fiscal year ended June 30, 2002. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the Agency's financial outlook.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Charges for services and intergovernmental revenue are recognized in the period they are susceptible to accrual when they become both measurable and available to finance the expenditures of the fiscal period. Intergovernmental revenue is considered available if it is expected to be collected within 120 days of fiscal year-end and all eligibility requirements are met.

Miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

All property taxes are collected and allocated by the County of Los Angeles to the various taxing entities. Property taxes are determined annually as of January 1 and attached as enforceable liens on real property as July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Secured property taxes become a lien on the property on March 1. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. Property tax revenues are recognized in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Net assets are reported as restricted when constraints placed on net assets use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

E. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

The Agency pools its cash with the City. The City values its cash and investments in accordance with the provisions of Government Accounting Standard Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted by the City Council and that follow the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available. Interest income from the investment is allocated to all funds on a monthly basis based upon the prior month end cash balance of the fund as a percent of the month end total pooled cash balance. Accordingly, the Agency receives its portion of interest income. The City normally holds the investment to term.

Interfund Transactions

Transactions among the Agency funds that would be treated as revenues and expenditures if they involved organizations external to the Agency are accounted for as revenues and expenditures in the funds involved.

Due from Other Agency

The Agency records property taxes earned but not received from the County of Los Angeles. The California Community Redevelopment Law of California provides that, pursuant to the adoption of a redevelopment plan, the Agency is entitled to a proportional amount based on statutory tax-sharing arrangement for all future incremental property tax revenues attributable to increases in the property tax base within the Central Redevelopment Project Area and a proportional amount based on tax-sharing agreements in the San Fernando Corridor Project Area.

Loans Receivable

Special Revenue Fund expenditures relating to long-term loans arising from loans subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans. As of June 30, 2009, the Agency's outstanding loans total is $3,372. The Agency's loan to the Glendale Unified School District (GUSD) in the amount of $1,772 was to fund the Moyse Field improvement project of the school district and $1,600 was to fund the purchase of the Embassy Suites Hotel property.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Agency as a whole. Capital assets are defined by the government as assets with an initial individual cost of more than $5. The valuation basis for capital assets is historical cost or, in the case of gifts or contributions, the appraised value at time of receipt by the Agency or fair market value if no appraisal is performed.

Depreciation of capital assets is computed and recorded using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are forty years for buildings and improvements and four years for machinery and equipment.

Property Held for Resale

Land and buildings acquired for future sale to developers have been capitalized and are shown as real property held for resale in the accompanying combined financial statements. Real property held for resale is carried at the lower of cost or net realizable value (realizable value less cost to sell).

Due to Other Agency

Due to other agency consists of amounts owed as a result of statutory and negotiated tax increment pass through arrangements with the Glendale Unified School District, the County of Los Angeles and other County Taxing Entities.

Due to City of Glendale

Due to City of Glendale represents amounts owed to the City as a result of expenditures incurred by the City on behalf of the Agency for improvements made by the City in the redevelopment project areas. These agreements are to be paid when funds are available. All of the agreements accrue interest at the average annual City investment portfolio rate. In fiscal year 2008-2009, the average annual City investment portfolio rate is 2.80%.

Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

Fund Equity

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Agency legislation or external restrictions by other governments, creditors or grantors.

II. Compliance and Accountability

Budgetary control is an essential element in governmental accounting and reporting. The Agency's budget is prepared on a project basis. Therefore, no budget versus actual statements has been included in the accompanying basic financial statements as the completion of these projects may take more than one year. As part of its budgetary control, the Agency utilizes the encumbrance accounting method. Under this method, commitments such as purchase orders and uncompleted project expenditures are recorded as reservations of fund balance captioned “Fund Balances Reserved: Encumbrances”. As of June 30, 2009, the Agency had $12,098 in outstanding encumbrances.

GLENDALE REDEVELOPMENT AGENCY
Notes to the Basic Financial Statements
June 30, 2009
(in thousands)

III. Cash and Investments

The Agency pools its cash and investments with the City. Of the amounts detailed below, $72,248 pertains to the Agency for fiscal year 2009 of which $10,676 is cash with fiscal agents. The remaining cash and investments of $61,572 cannot be identified with any single investment because the City may be required to liquidate its investment at any time to cover outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available.

Cash and investments for the City of Glendale at fiscal year end consist of the following:

Investments	$	519,116
Cash with fiscal agents		23,873
		542,989
Cash held in financial institutions & imprest cash		16,235
Total	$	559,224

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Maximum Maturity	Maximum % of Portfolio
U.S. Treasuries	5 years	100%
Federal Agencies	5 years	100%
Medium Term Corporate Notes	5 years	15%
Commercial Paper (A1, P1 minimum rating)	180 days	15%
Bankers Acceptance	180 Days	30%
Negotiable Certificates of Deposit	1 year	30%
Local Agency Investment Fund (State Pool)	N/A	LAIF maximum
Money Market Mutual Funds	90 days	20%
Time Deposits	1 year	10%

Investments in Medium Term Corporate Notes may be invested in Securities rated AA or better by Moody's or Standard and Poor's rating services and no more than 5% of the market value of the portfolio may be invested in one corporation. Maximum participation in Bankers Acceptance is limited to 10% per bank.

Investments Authorized by Debt Agreements

The Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, governs investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements.

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment, generally, the longer the maturity of an investment the greater the sensitivity of its fair value to the changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operation.

(in thousands)

		Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	$ 4,990	4,990	-	-	-
Federal Agency Term Notes	5,016	-	5,016	-	-
U.S. Government Agency Callable Bonds	240,502	9,123	62,191	169,188	-
Corporate Notes	22,836	-	9,257	13,579	-
Corporate Callable Notes	5,057	5,057	-	-	-
Negotiable Certificates of Deposits	23,004	23,004	-	-	-
Banker's Acceptances	17,780	17,780	-	-	-
State Investment Pool	134,984	134,984	-	-	-
Money Market Funds	64,947	64,947	-	-	-
Held by Fiscal Agents					
Federal Agency Term Notes	5,008	5,008	-	-	-
Guaranteed Investment Contracts	11,088	-	-	-	11,088
Money Market Funds	7,777	7,777	-	-	-
	$ 542,989	272,670	76,464	182,767	11,088

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City invests only in the most risk-adverse instruments, such as AAA rated government securities, AAA or AA rated corporate securities, and A1,P1 rated commercial paper, negotiable certificates of deposit and banker's acceptance securities. The City's Investment Policy requires the City to sell any security with a credit rating below A.

		Rating as of Year End				
		AAA	AA	Aa2	A1,P1	Unrated
Commercial Paper	$ 4,990	-	-	-	4,990	-
Federal Agency Term Notes	5,016	5,016	-	-	-	-
U.S. Government Agency Callable Bonds	240,502	240,502	-	-	-	-
Corporate Notes	22,836	-	14,882	-	7,954	-
Corporate Callable Notes	5,057	-	5,057	-	-	-
Negotiable Certificates of Deposits	23,004	-	-	-	23,004	-
Banker's Acceptances	17,780	-	-	-	17,780	-
State Investment Pool	134,984	-	-	-	-	134,984
Money Market Funds	64,947	64,947	-	-	-	-
Held by Fiscal Agents						
Federal Agency Term Notes	5,008	5,008	-	-	-	-
Guaranteed Investment Contracts	11,088	-	-	11,088	-	-
Money Market Funds	7,777	7,777	-	-	-	-
	$ 542,989	323,250	19,939	11,088	53,728	134,984

(in thousands)

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FFCB	Federal Agency Callable Bonds	$ 5,000
FHLB	Federal Agency Term Notes	5,016
FHLB	Federal Agency Callable Bonds	30,828
	Total	35,844
FHLMC	Federal Agency Callable Bonds	106,598
FNMA	Federal Agency Callable Bonds	$ 97,147

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, in accordance with the City's investment policy, none of the City's investments were held with a counter-party. All of the City's investments were held with an independent third party custodian bank. The City uses Bank of America as a third party custody and safekeeping service for its investment securities. All City investments held in custody and safe-keeping by Bank of America are held in the name of the City and segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

At June 30, 2009, the carrying amount of the City's deposits was $16,235 and the corresponding bank balance was $25,517. The difference of $9,282 was principally due to outstanding warrants, wires and deposits in transit. Of the Bank balance, $250 was insured by the FDIC depository insurance and $25,267 was uncollateralized and not insured by FDIC depository insurance.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair market value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

GLENDALE REDEVELOPMENT AGENCY
Notes to the Basic Financial Statements
June 30, 2009
(in thousands)

IV. Changes in Capital Assets

Activity in Capital Assets during the year ended June 30, 2009 is as follows:

		Primary Government			
		Balance at July 1	Increases	Decreases / Reclass	Balance at June 30
Governmental activities - Housing, health and community development:					
Capital assets not being depreciated					
Land	$	28,918	-	-	28,918
Construction in progress		4,160	5,456	-	9,616
Total assets not being depreciated		33,078	5,456	-	38,534
Other capital assets					
Building and improvements		14,041	290	-	14,331
Machinery and equipment		654	-	-	654
Total other capital assets at cost		14,695	290	-	14,985
Less accumulated depreciation:					
Building and improvements		2,654	466	-	3,120
Machinery and equipment		573	16	-	589
Total accumulated depreciation		3,227	482	-	3,709
Total assets being depreciated		11,468	(192)	-	11,276
Governmental activities capital assets, net	$	44,546	5,264	-	49,809

Depreciation expense of $482 has been allocated to housing and community development.

V. Property Held for Resale

The following is a list of property held for resale at June 30, 2009:

Purpose	Acquisition Date	Location		Carrying Value
North Central	Dec-87	820 N. Central	$	825
				825
Other	Aug-82	111 E. Wilson		352
	Mar-86	225 W. Wilson		1,013
	Jun-08	216-218 S. Brand		2,885
				4,249
Housing Project	Oct-07	331-335 Doran		4,802
	Oct-08	Fifth & Sonora		6,007
				10,809
Total			$	15,883

(in thousands)

VI. <u>Outstanding Indebtedness and Changes in Long-Term Debt</u>

A summary of outstanding bonds payable at June 30, 2009 is as follows:

		Outstanding at June 30, 2008	Additions	Retirements	Outstanding at June 30, 2009	Due within one year
Governmental Activities						
2002 GRA Tax Allocation Bond	$	38,405	-	2,100	36,305	2,165
2003 GRA Tax Allocation Bond		49,575	-	2,680	46,895	2,815
2002 GRA Bond Premium		1,426	-	106	1,320	106
2003 GRA Bond Premium		1,937	-	145	1,792	145
Deferred amount on refunding – 2003 GRA Tax Allocation Bonds		(2,468)	-	(200)	(2,268)	(200)
Total bonds payable		88,874	-	4831	88,044	5,031
Low & Mod Loans Payable		-	14,000	648	13,352	2,366
Due to the City of Glendale		68,502	1,918	2,040	68,380	2,081
Total long term liabilities	$	157,376	15,918	7,519	165,776	9,478

The Agency's outstanding bonds payable carry certain provisions unique to each issue and are summarized as follows:

<u>2002 Tax Allocation Bonds</u>

The Agency issued $48,015 in tax allocation bonds with an average rate of 4.5% to fund economic development activities of the Agency primarily relating to the Town Center development, to fund a reserve account for the Bonds, and to pay the expense of the Agency in connection with the issuance of the Bonds**.** The 2002 GRA Bonds mature in regularly increasing principal amounts ranging from $2,165 to $3,655 from 2010 to 2022**.** The bond indebtedness is secured by a pledge of 80% of all incremental property taxes allocated to and received by the Agency for the Central Project Area. The bonds maturing on or before December 1, 2012, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2013, are subject to redemption at the option of the Agency on any interest payment date at a price ranging from 101% to 100% of the principal value. The City Treasurer shall invest the bond proceeds in government securities.

<u>2003 Tax Allocation Refunding Bonds</u>

The Agency issued $58,880 in 2003 GRA tax allocation refunding bonds with an average rate of 4.18% to pay Agency’s outstanding Central Glendale Redevelopment Project 1993 Tax Allocation Bonds (the “Prior Bonds”) with an average interest rate of 5.5%, and to pay the cost of issuance of the 2003 GRA Bonds. The 2003 Bonds mature in regularly increasing principal amounts ranging from $2,815 to $4,520 from 2010 to 2022. The bond indebtedness is secured by a pledge of 80% of all incremental property taxes allocated to and received by the Agency for the Central Project Area on parity with the Agency’s previously issued 2002 Tax Allocation Bonds. The bonds maturing on or before December 1, 2013, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2014 are subject to redemption prior to maturity at the option of the Agency and by lot within a maturity, from any source of available funds at a redemption price equal to the principal amount of bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(in thousands)

The annual requirements (including payments to sinking fund) to amortize all bonded indebtedness outstanding as of June 30, 2009:

Fiscal Year		Interest	Principal	Total
2010	$	3,599	4,980	8,579
2011		3,378	5,195	8,573
2012		3,178	5,425	8,603
2013		2,962	5,600	8,562
2014		2,700	5,855	8,555
2015-2019		9,431	32,715	42,146
2020-2022		1,729	23,430	25,159
	$	26,977	83,200	110,177

Low & Mod Loans Payable

The Housing Authority obtained a $14,000 loan from Union Bank in February 2009 to fund the development of affordable rental and owner housing projects. The Housing Authority received $13,920 in February, net of cost of issuance of $80. The term of the loan is five years, and the interest rate is 3.35%. The total interest is $1,281. The loan is secured by the 20% set-aside funds of property tax increment received by the Housing Authority from Glendale Redevelopment Project areas.

The annual requirements to amortize the Loan outstanding as of June 30, 2009:

Fiscal Year		Interest	Principal	Total
2010	$	420	2,636	3,056
2011		330	2,726	3,056
2012		237	2,820	3,057
2013		139	2,917	3,056
2014		39	2,253	2,292
	$	1,165	13,352	14,517

The Agency has complied with all bond covenants on outstanding debt issues.

(in thousands)

Due to the City of Glendale

The Agency and the City have entered into various agreements, which provide for the reimbursement to the City from the Agency for expenditures incurred by the City on behalf of the Agency. The expenditures incurred by the City represent improvements made by the City to the Agency's redevelopment projects. These agreements are to be paid when funds are available. All of the agreements accrue interest at the average annual City investment portfolio rate of which this year is 2.80%.

The following table is a summary of changes in the amounts due to the City under these agreements:

		Balance at July 1			Additions			Balance at June 30		
Project	Date of Agreement	Principal	Interest	Total	Principal	Interest	Reductions/ Reclass	Principal	Interest	Total
Central Project										
South Brand Improvement	May 1977	$ -	2,653	2,653	-	74	-	-	2,727	2,727
Glenoaks Improvement	Oct 1977	660	3,298	3,958	-	111	-	660	3,409	4,069
Parking lots transferred to the Agency	Apr 1983	3,062	12,704	15,766	-	441	-	3,062	13,145	16,207
North Brand Improvement	Apr 1983	80	4,168	4,248	-	119	-	80	4,287	4,367
Verdugo Utility Improvement	Dec 1985	3,314	6,329	9,643	-	270	-	3,314	6,599	9,913
Block 24 Parking Structure	Oct 1985	6,947	15,400	22,347	-	626	(190)	6,758	16,026	22,784
Broadway Improvement	Dec 1985	1,647	153	1,800	-	50	(1,850)	-	-	-
Sub-total		**15,710**	**44,705**	**60,415**	**-**	**1,692**	**(2,040)**	**13,873**	**46,194**	**60,067**
San Fernando Project										
San Fernando Project-Advance	Dec 1996	1,272	1,393	2,665	-	75	-	1,272	1,468	2,740
New Business Incentive	Dec 1996	16	13	29	-	0.8	-	15	14	29
Dreamworks	Dec 1996	178	123	301	-	8	-	178	131	309
San Fernando Master Plan	Dec 1996	602	325	927		26	-	602	351	953
Facade Program	Dec 1996	184	32	216	-	6	-	184	38	222
Water Treatment Facilities	Jul 1997	1,600	792	2,392	-	67	-	1,600	859	2,459
Grand Central Business	Nov 1997	50	23	73	-	2	-	50	24	74
Recycling Center	Jul 1996	1,000	484	1,484	-	42	-	1,000	525	1,525
Subtotal		**4,902**	**3,185**	**8,087**	**-**	**226**	**-**	**4,902**	**3,411**	**8,313**
Grand Total for both Projects		**$ 20,612**	**47,890**	**68,502**	**-**	**1,918**	**(2,040)**	**18,775**	**49,605**	**68,380**

VIII. Employee Retirement System and Plans

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time employees, which includes both safety and general employees, are required to participate in the single CalPERS plan, in which all related benefits vest after five years of service. Upon five years of service, employees who retire at age 50 or older are entitled to receive an annual retirement benefit. The benefit is payable monthly for life. The benefit is calculated as follows: years of credited service multiplied by their highest twelve consecutive months of salary multiplied by a percentage factor. This percentage factor is age-based – public safety employees use the 3% at age 50 factor and general employees use the 2.5% at age 55 factor. The system also provides death and disability benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information of participating public entities within the state of California. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

CalPERS is a contributory plan deriving funds from employee and employer contributions as well as earnings from investments. According to the plan, the City's general employees are required to contribute 8% of their annual salary and the City's safety employees are required to contribute 9% of their annual salary. The City is also required to contribute at an actuarially determined rate. The City's contribution rate for safety members starting on July 1, 2008 was 24.252%. The City's contribution rate for general members starting on July 1, 2008 was 11.681%. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

Contributions to CalPERS totaling $23,889 were made during the fiscal year ended June 30, 2009 in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2005. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.75% a year compounded annually (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, (c) no additional projected salary increases attributable to seniority/merit and (d) no post retirement benefit increases. The actuarial value of the City's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. CalPERS uses the entry-age-normal-actuarial-cost method, which is a projected-benefit-cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. In addition, the employer's total normal cost is expressed as a level percentage of payroll. CalPERS also uses the level-percentage-of-payroll method to amortize any unfunded actuarial liabilities. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization. See note X for further discussion on CalPERS results subsequent to June 30, 2008.

(in thousands)

Three year Trend Information

Fiscal year ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007:			
Misc.	$ 9,754	100%	0
Safety	10,385	100%	0
Total	$ 20,139		
6/30/2008:			0
Misc.	$ 10,691	100%	0
Safety	11,213	100%	
Total	$ 21,904		
6/30/2009:			
Misc.	$ 12,004	100%	0
Safety	11,885	100%	0
Total	$ 23,889		

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets <a>	Actuarial Accrued Liability <AAL> – Entry Age <b>	(Over-funded AAL) / Unfunded AAL <b-a>	Funded Ratio <a/b>	Covered Payroll <c>	(Over-funded AAL)/ Unfunded AAL as a Percentage of Covered Payroll <(b-a)/c>
6/30/2006:						
Misc.	$ 557,702	591,838	34,136	94.2%	92,375	37.0%
Safety	356,253	414,999	58,746	85.8%	41,808	140.5%
Total	$ 913,955	1,066,837	92,882	90.8%	134,183	69.2%
6/30/2007:						
Misc.	$ 603,040	634,332	31,292	95.1%	98,082	32.9%
Safety	386,561	447,885	61,324	86.3%	44,131	139.0%
Total	$ 989,601	1,082217	92,616	91.4%	139,213	66.5%
6/30/2008:						
Misc.	$ 641,356	678,218	36,862	94.6%	101,970	36.15%
Safety	413,321	485,398	72,077	85.2%	46,911	153.65%
Total	$ 1,054,677	1,163,616	108,939	90.6%	148,881	73.17%

IX. Risk Management

The Agency contracts with the City for unemployment and workers' compensation insurance. For purposes of general liability, the Agency is self-insured through the City’s self-insurance program which is accounted for in an internal service fund of the City.

(in thousands)

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers' compensation insurance (up to $2,000 per occurrence), unemployment insurance, post employment benefits, general auto, dental, medical and vision as well as public liability (up to $2,000) through separate Internal Service Funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, destruction of assets and natural disasters as well as excess workers' compensation and general public liability claims. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Operating funds are charged a premium and the Internal Service Funds recognize the corresponding revenue. Claims expenses are recorded in the Internal Service Funds. Premiums are evaluated periodically and increases are charged to the operating funds to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses.

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2009 are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates.

A reconciliation of the changes in the aggregate liabilities for claims of the City of Glendale for the current fiscal and the prior fiscal year are as follows:

Fiscal Year	Beginning Balance	Claims and Changes	Claim Payments	Ending Balance
2007-08	$29,837	$38,052	$36,583	$31,306
2008-09	$31,306	$33,329	$28,511	$36,124

X. Commitments and Contingencies

The Agency is involved in litigation in the normal course of business. In the opinion of management, based on consultation with the City Attorney, these cases, in the aggregate, are not expected to result in a material adverse financial impact to the Agency.

In December 2000, the Agency entered into an Owner Participation Agreement with Walt Disney World Co., a Florida corporation, for the Grand Central Creative Campus (GC3) project in the San Fernando Road Corridor Project Area. The purpose of this agreement is to effectuate the Redevelopment Plan for the project area by providing for the development of a landscaped, campus environment, consisting of a mix of media related/entertainment use including media offices, high bay, sound stage production facilities and related auxiliary uses. The term of this project is 32 years. The Agency has committed to pay the Walt Disney World Co. approximately $128.7 million ratably for the duration of this agreement.

XI. Subsequent Event

$2.05 Billion Shift of Redevelopment Tax Increment to Supplemental Educational Revenue Augmentation Fund

In July 2009, the State of California Legislature approved a $2.05 billion shift of Redevelopment Tax Increment funds to the Supplemental Educational Revenue Augmentation Fund (SERAF) for fiscal years 2009-10 and 2010-11. The State approved $1.7 billion in transfer for fiscal year 2009-10 and $350 million for fiscal year 2010-2011. The State Department of Finance will determine each Agency's SERAF payment by November 15 of each year. Payments are due by May 10 of the applicable year.

The Glendale Redevelopment Agency's transfer to "SERAF" is $11 million for 2009-10, and $2.3 million is projected to be the transfer for fiscal year 2010-11.

CalPERS Employer Contribution Rates

The turmoil in the financial markets over the past 14 months has been unprecedented. CalPERS has publicly disclosed that as of June 30, 2008 the fair value of the Retirement System's total portfolio was approximately $238 billion. As of July 31, 2009, CalPERS has estimated the fair value to be $190 billion (unaudited), which represents a decrease of $48 billion, or 20%, from when the market turmoil commenced (all values are based on available unaudited information). Changes in the value of the Retirement System assets are the result of gains and losses in investments and the variability of cash flows. The market has somewhat stabilized after July 31, 2009, but this cutoff date was chosen because it is the most recently closed period in CalPERS management's quarterly investment reporting process and a reasonable cut off period for disclosure of subsequent events to the fiscal year 2009 financial statements.

(in thousands)

As is the case with most retirement systems, CalPERS is exposed to general market risk. This general market risk is reflected in asset valuations fluctuating with market volatility. Any impact from market volatility on the Retirement System depends in large measure on how deep the market downturn is, how long it lasts, and how it fits within fiscal year reporting periods. The resulting market risk and associated realized and unrealized gains and losses could impact the financial condition of the Retirement System and the City's required contribution to the Retirement System. The reader of these financial statements is advised that financial markets may continue to be volatile and are experiencing significant changes on almost a daily basis.

The good news is that cushioning the impact of investment set backs is the fact that CalPERS experienced double digit gains in the four years leading up to the 2007-2008 fiscal year. In previous down markets, flat or negative investment returns contributed substantially to increases in employer contributions the following year. However, CalPERS rate stabilization policies now spread market gains and losses over 15 years, thus reducing the volatility of employer rates.

Based on CalPERS Annual Valuation Report as of June 30, 2008, which was issued in October 2009, the required employer contributions for the next two fiscal years are as follows:

	Miscellaneous Plan		Safety Plan	
	Employer Rates	Covered Payrol (unaudited)	Employer Rates	Covered Payroll (unaudited)
FY2009-10	11.519%	$104,653	24.000%	$48,575
FY2010-11	11.672%	$112,235	25.067%	$51,636

XII. Pronouncement Issued but Not yet Adopted

Governmental Accounting Standards Board Statement No. 53

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Statement No. 53 also addresses hedge accounting requirements, which includes a government's objective for entering into the derivative instrument, significant terms of the derivative instrument, and the net cash flows of derivative instruments that hedge debt. The disclosure also should highlight the risks to which derivative instruments expose a government. Statement No. 53 is effective for financial statements for reporting periods beginning after June 15, 2009.

Governmental Accounting Standards Board Statement No. 54

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves the usefulness of the financial statements by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types. Beginning with the most binding constraints, fund balance amounts will be reported in the following five major classifications: 1) non-spendable – resources that cannot be spent because of their form or because they must be maintained intact, 2) restricted – by externally enforceable limitations on use imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation, 3) committed – self-imposed limitations set in place prior to the end of the period, 4) assigned – limitations resulting from intended use and 5) unassigned – residual net resources. The requirements of Statement No. 54 are effective for financial statements for periods beginning after June 15, 2010.

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GLENDALE

Glendale Redevelopment Agency

STATISTICAL SECTION

Year Ended – June 30, 2009

SUPPLEMENTAL INFORMATION

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GLENDALE REDEVELOPMENT AGENCY
Computation of Low-Moderate Income Housing Excess/Surplus Funds
Year Ended June 30, 2009
(in thousands)

Fund Balance - Beginning of Year		$ 16,699
Less unavailable funds - included in beginning fund balance:		
Prepaid items		(2)
Encumbrances		(5,170)
Land held for resale		(4,802)
Total unavailable funds		(9,974)
Available Fund Balance - Beginning of Year		6,725
Current year proceeds/uses (actual plus changes in unavailable):		
Proceeds		21,411
Uses		(12,558)
Changes in unavailable amounts		(10,727)
Available Fund Balance - End of Year for Excess Surplus		4,851
Does available fund balance for excess/surplus exceed one-million dollars? If so, enter available fund balance and evaluate that amount against tax increment. If less, enter zero.		4,851
Does available fund balance for excess/surplus exceed the greater of prior years' set aside deposits or one-million dollars?		
Fiscal year 2004-05	$ 5,548	
Fiscal year 2005-06	5,586	
Fiscal year 2006-07	5,883	
Fiscal year 2007-08	6,467	
Total set-aside deposited into fund	23,484	
Greater of the tax increment deposits or one-million dollars		23,484
Excess/surplus Funds		
Available fund balance for excess/surplus less prior four years' tax increment set aside deposits.		-
Reconciliation to Ending Fund Balance		
Ending GAAP fund balance		25,552
Available fund balance - end of year above		4,851
Add unavailable funds - end of year:		
Prepaid items	6	
Encumbrances	9,886	
Land held for resale	10,809	
Total unavailable funds		20,701
Computed Ending Fund Balance		$ 25,552

GLENDALE REDEVELOPMENT AGENCY
CIP Projects and Low and Moderate Housing Programs
June 30, 2009
(in thousands)

The following are the on-going Capital Improvement Projects for both Central Project Area and San Fernando Project Area and the Low and Moderate Housing Programs:

A. Central Glendale Redevelopment Projects

Project Description		Project Budget	Current Year Expenditures	Expenditures To Date	Remaining Balance
Block 24/25 Rehab	$	7,774	-	7,702	72
800 North Central		5,056	0.6	4,901	155
Glendale City Center		451	8	412	39
DPSS Site		3,907	1	3,872	35
Block 29/30		4,831	6	4,814	17
Alex Theater Project		5,674	1,123	5,635	39
Downtown Green Space		470	-	372	98
Freeway Landscape		200	-	-	200
Town Center 2001		44,321	715	42,265	2,056
Glendale Centre Theatre		375	-	-	375
CA Central Office Project		32	-	7	25
Downtown Development Standards		1,043	51	1,014	29
Town Center/ARC East Brand Con		1,210	23	72	1,138
Central Glendale Area Facade		606	16	232	374
San Fernando Rd. Facade Grant		-	-	-	-
Galleria Expansion		175	-	21	154
Central Ave SR134 Off Ramp		1,200	-	-	1,200
Brand Const Marketing Campaign		50	-	45	5
Orange Street Garage		65	3	26	39
Verdugo Gardens-610 N. Central		20	1	3	17
Brand at 134 Fwy Mixed Use Prj.		75	-	-	75
Agency Development Site		200	-	20	180
Intracorp Orange/Wilson Mixed		10	-	6	4
SNK Housing Project - Broadway		20	-	-	20
Milford & Orange Project		20	-	1	19
Cerritos Park/City Entry Mon.		30	-	-	30
Brand Boulevard Capital Costs		312	-	113	199
Adult Rec Center Improvements		2,000	-	-	2,000
Total (Central Projects)	**$**	**80,126**	**1,946**	**71,531**	**8,595**

GLENDALE REDEVELOPMENT AGENCY
CIP Projects and Low and Moderate Housing Programs
June 30, 2009
(in thousands)

B. Town Center Projects

Project Description		Project Budget	Current Year Expenditures	Expenditures To Date	Remaining Balance
Town Center 2001	$	40,590	1,120	40,553	37
Town Center/ARC East Brand Con		173	5	21	152
Southside Colorado Streetscape		830	-	-	830
Total (Town Center Projects)	**$**	**41,593**	**1,125**	**40,574**	**1,019**

C. San Fernando Road Corridor Redevelopment Projects

Project Description		Project Budget	Current Year Expenditures	Expenditures To Date	Remaining Balance
DreamWorks	$	200	19	199	1
San Fernando Streetscape		6,562	945	5,495	1,067
Flower Street Rail Crossing		679	238	373	306
San Fernando Rd Rehabilitation		603	-	603	-
GC3 Project		-	-	-	-
KABC 7		191	-	3	188
San Fernando Rd. Facade Grant		921	128	630	291
Griffith Manor Park		3,000	130	139	2,861
Design Review-San Fernando Rd.		4	-	4	-
SFRC Landscape Assessment Dist		-	(3)	-	-
Broadway & Doran Sts RR Improv		2,000	12	31	1,969
GC3 Project		2,769	-	1,327	1,442
Flower Street Rail Crossing		4,821	3,338	4,427	394
SR134/San Fernando Rd Access		230	-	229	0.9
Grandview/Sonora RR Crossings		3,500	793	793	2,707
Total (San Fernando Projects)	**$**	**25,481**	**5,599**	**14,253**	**11,228**

GLENDALE REDEVELOPMENT AGENCY
CIP Projects and Low and Moderate Housing Programs
June 30, 2009
(in thousands)

D. Low and Moderate Housing Programs

FY2008-09			
Programs		**Program Budget**	**Current Year Expenditures**
Single Family Ownership Housing Rehab Program	$	766	274
First Time Home Buyer Program		225	75
New Construction of Ownership Housing Program		329	34
Rental Assistance Program		1,415	-
New Construction of Rental Housing Program		19,908	9,325
Multi-Family Ownership Housing Rehab Program		205	201
Code Enforcement Program		1,238	1,124
Section 8 HQS Repair Program		48	-
Section 8 Moving Assistance Program		23	1
Low Income Family Employment and Rent Assistance Program		556	118
Emergency Rental Assistance Program		36	5
Emergency Shelter-PATH Achieve Glendale Program		130	74
Total	$	24,879	11,231

Statistical Section

This section of the Glendale Redevelopment Agency's (the Agency) annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Contents **Page**

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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Schedule 1
GLENDALE REDEVELOPMENT AGENCY
Net Assets by Component
Last Five Fiscal Years (in thousands)
(accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental activities					
Invested in capital assets, net of related debt	$ 49,809	44,545	38,768	11,726	11,190
Restricted	34,131	34,933	35,343	31,630	28,930
Unrestricted	(105,317)	(109,024)	(108,018)	(62,103)	(58,157)
Total governmental activities net assets	$ (21,377)	(29,547)	(33,907)	(18,747)	(18,037)

Note:

The City of Glendale implemented GASb Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 2
GLENDALE REDEVELOPMENT AGENCY
Changes in Net Assets, Governmental Activities
Last Five Fiscal Years (in thousands)
(accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
Community Development	$ 13,774	31,451	41,560	24,418	12,323
Education	1,740	675	762	2,173	2,665
Housing Assistance	11,151	2,252	2,365	6,841	3,666
Interest and fiscal charges on bonds	5,950	6,948	6,914	6,402	6,870
Total governmental activities expenses	32,615	41,326	51,601	39,833	25,525
General Revenues					
Property Taxes	35,282	32,334	29,417	27,931	27,740
Revenue from other sources	2,279	2,244	1,249	1,416	1,458
Investment Earnings	2,521	3,332	3,982	1,904	3,315
Sale of Property	-	5,980	-	-	-
Miscellaneous	703	1,795	1,792	7,873	2,132
Total governmental activities revenues	40,785	45,686	36,441	39,123	34,645
Change in Net Assets	$ 8,170	4,361	(15,160)	(710)	9,120

Note:

The City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 3
GLENDALE REDEVELOPMENT AGENCY
Fund Balances, Governmental Funds
Last Five Fiscal Years (in thousands)
(modified accrual basis of accounting)

		Fiscal Year				
		2009	2008	2007	2006	2005
All Governmental Funds						
Reserved	$	40,167	31,713	27,839	86,696	104,991
Unserved, reported in:						
Special revenue funds		51,105	47,969	56,921	44,394	31,647
Debt service funds		1,385	1,462	1,446	1,008	537
Total all governmental funds	$	92,657	81,143	86,206	132,098	137,175

Note:

The City of Glendale implemented GASb Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 4
GLENDALE REDEVELOPMENT AGENCY
Changes in Fund Balances, Governmental Funds,
Last Five Fiscal Years (in thousands)
(accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
Revenues					
Property taxes	$ 35,282	32,334	29,417	27,931	27,740
Revenue from other agencies	2,279	2,244	1,249	1,416	1,458
Charges for services	19	25	18	14	13
Use of money and property	2,499	3,332	3,982	1,904	3,315
Sale of Property	131	5,980	-	-	-
Miscellaneous revenue	725	1,795	1,792	7,742	2,132
Total Revenues	40,935	45,712	36,459	39,006	34,658
Expenditures					
Community development					
County property tax administration	601	575	534	446	429
Pass through	5,732	4,851	3,291	2,363	2,450
Administration	4,053	4,048	3,616	4,148	3,526
Housing and community development	-	-	-	-	5,195
Housing assistance	11,151	7,712	8,032	12,813	4,905
Education	1,740	967	762	2,173	2,665
Capital projects	8,671	22,027	55,512	11,614	-
Debt service					
Principal retirement	5,428	4,590	4,415	4,235	3,865
Interest on bonds	3,925	4,004	4,189	4,366	4,511
Interest on debt to City	2,040	2,000	2,000	1,925	1,747
Total Expenditures	43,341	50,774	82,351	44,083	29,293
Excess of revenues over (under) expenditures	(2,406)	(5,062)	(45,892)	(5,077)	5,365
Other Financing Sources (Uses)					
Notes Proceeds	14,000	-	-	-	-
Issuance of debt	(80)	-	-	-	-
Total other financing sources (uses)	13,920	-	-	-	-
Net change in fund balances	$ 11,514	(5,062)	(45,892)	(5,077)	5,365
Debt service as a percentage of noncapital expenditures	21.6%	16.9%	10.4%	19.5%	28.6%

Note:

The City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report.

Schedule 5

GLENDALE REDEVELOPMENT AGENCY

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years (in thousands)

CENTRAL PROJECT

Fiscal Fiscal Year Ended June 30,		Residential Property	Commercial Property	Industrical Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2000	$	23,237	1,027,726	495	470,623	17,685	1,504,396	0.96474%
2001		24,212	1,097,337	505	511,721	17,883	1,615,892	0.96763%
2002		25,519	1,204,413	515	489,187	47,371	1,672,263	0.96750%
2003		26,494	1,199,414	389	486,471	19,696	1,693,072	0.96604%
2004		27,665	1,463,270	230	356,955	21,433	1,826,687	0.96817%
2005		29,878	1,446,991	446	332,276	25,736	1,783,855	0.96666%
2006		31,631	1,813,451	455	280,192	23,596	2,102,133	0.97197%
2007		35,234	2,063,043	464	265,800	24,282	2,340,259	0.97484%
2008		36,409	2,137,311	473	261,620	12,425	2,423,387	0.97477%
2009		37,534	2,249,908	483	542,574	12,425	2,818,074	0.97867%

SAN FERNANDO PROJECT

Fiscal Fiscal Year Ended June 30,		Residential Property	Commercial Property	Industrical Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2000	$	34,495	200,708	473,574	257,888	6,674	959,991	0.37706%
2001		39,360	213,347	495,419	262,540	5,998	1,004,667	0.40519%
2002		41,218	253,274	521,580	272,607	7,033	1,081,647	0.44679%
2003		43,289	255,854	547,928	278,207	6,608	1,118,670	0.45562%
2004		47,992	269,460	569,884	273,000	7,257	1,153,079	0.47241%
2005		50,650	290,255	577,573	265,764	7,987	1,176,255	0.48331%
2006		50,274	335,263	563,159	258,064	10,236	1,196,523	0.49332%
2007		59,105	368,785	603,894	309,711	16,291	1,325,205	0.54376%
2008		61,694	447,241	623,365	309,040	16,713	1,424,628	0.57724%
2009		74,852	482,580	676,696	326,876	20,829	1,540,175	0.60858%

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the 'assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold a new owner. At that point, the new asssessed value is assessed at the purchased price of the property sold. The assessed valuation data shown above represents the only data currently available with respect the actual market value of taxable property and is subject to the limitations described above.

(2) Total direct tax rate is the weighted average of all individual direct rates, calculated by HdL Coren & Cone.

Not covered by independent auditor's report

Schedule 6

GLENDALE REDEVELOPMENT AGENCY

Direct and Overlapping Property Tax Rates

Last Four Fiscal Years

				Overlapping Rates				
Fiscal Year	City Basic Rate	Redevelopment Agency Rate	Total Direct Tax Rate	City of Glendale Area	Flood Control District	Detention Facilities	Glendale Community College District	Glendale Unified School District
2006	0.13687%	1.00600%	0.25043%	0.00520%	0.00005%	0.00080%	0.01858%	0.05220%
2007	0.13687%	1.00541%	0.25543%	0.00470%	0.00005%	0.00066%	0.02214%	0.05205%
2008	0.13687%	1.00450%	0.25637%	0.00450%	0.00000%	0.00000%	0.02408%	0.04742%
2009	0.13573%	1.00430%	0.26764%	0.00430%	0.00000%	0.00000%	0.02119%	0.04559%

Notes:

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the property resides within. Due to the passage of the Propossition 13, the City of Glendale levies no tax but receives a portion (0.13687%) of the County's 1% rate apportioned on a complex formula. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property vales for the payment of the various voter-approved bonds.

(2) The date prior to FY2006 are not available. The rates are calculated by HdL Coren & Cone.

Not covered by independent auditor's report

Schedule 7

GLENDALE REDEVELOPMENT AGENCY

Property Tax Levies and Collections

Last Eight Fiscal Years (in thousands)

		Redevelopment Agency					
Fiscal Year Ended June 30,		Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2002	$	20,012	17,533	87.6%	472	18,005	90.0%
2003		21,931	21,704	99.0%	510	22,214	101.3%
2004		23,474	21,406	91.2%	590	21,996	93.7%
2005		28,489	26,662	93.6%	1,078	27,740	97.4%
2006		26,505	25,798	97.3%	2,132	27,930	105.4%
2007		29,118	27,415	94.2%	2,002	29,417	101.0%
2008		31,205	30,505	97.8%	1,830	32,335	103.6%
2009		36,408	34,667	95.2%	615	35,282	96.9%

Notes:

(1) The City of Glendale implemented GASB Statement 34 in fiscal year 2002.

(2) SB211 Proposition Share for Central Projects is excluded from property tax collections when compared to property tax levied in this schedule. All prior fiscal year data are updated in FY 2009 GRA Annual Report.

Not covered by independent auditor's report

Schedule 8

GLENDALE REDEVELOPMENT AGENCY

Ratios of Outstanding Debt by Type

Last Eight Fiscal Years (in thousands)

Fiscal Year	Parking Lease Revenue Bonds Series A	Refunding Parking Lease Revenue Bonds Series 1976	1993 Tax Allocation Bond	2002 Tax Allocation Bond	2003 Tax Allocation Bond	Low & Mod Loans Payable	(1) Total Primary Government	(2) Total Personal Income	Percentage of Personal Income	(3) Population	per Capita
2002	$ 440	1,025	61,250	-	-	-	62,715	8,352,544	0.75%	200	313
2003	-	-	59,315	49,969	-	-	109,284	8,458,808	1.29%	203	539
2004	-	-	-	48,053	58,129	-	106,182	7,743,409	1.37%	205	517
2005	-	-	-	46,083	56,184	-	102,266	7,805,406	1.31%	207	494
2006	-	-	-	44,057	53,924	-	97,981	8,015,891	1.22%	206	475
2007	-	-	-	41,971	51,543	-	93,515	10,994,029	0.85%	207	451
2008	-	-	-	39,831	49,043	-	88,874	11,274,313	0.79%	207	429
2009	-	-	-	37,625	46,418	13,352	97,395	10,871,591	0.90%	207	470

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) Source: Sales and Marketing Management: Survey of Buying Power and Media Markets

(3) California State Department of Finance, January 1 of every year.

(4) City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 9
GLENDALE REDEVELOPMENT AGENCY
Pledged-Revenue Coverage
Last Eight Fiscal Years (in thousands)

	Tax Allocation Bonds					
	Property Tax	Less: Operating	Net Available	Debt Service		
Fiscal Year	Increment	Expenses	Revenue	Principal	Interest	Coverage
2002	12,564	6,400	6,164	1,845	3,442	1.17
2003	14,045	4,433	9,612	1,935	4,366	1.53
2004	14,201	3,588	10,613	1,810	3,626	1.95
2005	17,921	6,324	11,597	3,865	4,511	1.38
2006	18,233	5,063	13,170	4,235	4,366	1.53
2007	19,872	4,301	15,571	4,415	4,189	1.81
2008	19,301	4,174	15,127	4,590	4,004	1.76
2009	21,561	5,900	15,661	4,780	3,808	1.82

Notes:

(1) The City of Glendale implemented GASB Statement 34 in fiscal year 2002.

(2) The Tax Allocation Bonds pertain to GRA Central Project, so only the Central Project's property tax increment and operating expenses are used to calculate the debt service coverage. All prior fiscal year date are updated in FY 2009 GRA Annual Report.

Not covered by independent auditor's report

Schedule 10
GLENDALE REDEVELOPMENT AGENCY
Principal Employers
Fiscal Year 2009

Employer	Employees		Rank	Percentage of Total City Employment	
City of Glendale	2,565	(4)	1	2.69%	(5)
Glendale Adventist Med Center #262	2,126	(2)	2	2.23%	(5)
Nestle Company	1,521	(2)(7)	3	1.60%	(5)
Glendale Memorial Medical Center	1,433	(2)	4	1.50%	(5)
Glendale Community College	1,408	(2)	5	1.48%	(5)
Public Storage Inc.	1,111	(2)	6	1.17%	(5)
Glendale Unified School District	1,085	(2)(3)	7	1.14%	(5)
Walt Disney Imagineering	928	(2)	8	0.97%	(5)
Acco Engineered Systems	824	(2)	9	0.86%	(5)
Diagnostic Laboratories	740	(2)	10	0.78%	(5)

Notes:

(1) Both full-time and hourly employees are included.

(2) Source: Labor Market Information Division, California Employment Development Department, 2007 and 2008

(3) Does not include the individual schools only admin.

(4) City of Glendale Payroll Section, 1,911 full-time employees and 654 hourly employees

(5) % of total employment is calculated using a baseline of 95,300 workers employed in Glendale.

(6) The data for nine years ago are not available, so only current year data are presented.

(7) Includes the three subsidiaries of Nestle in Glendale.

Not covered by independent auditor's report

Schedule 11
GLENDALE REVELOPMENT AGENCY
Market Values of Taxable Properties
Last Ten Fiscal Years (in thousands)

CENTRAL PROJECT

Fiscal year	Market value	Base year (1972)	Net increment	Secured	Unsecured	Total
1973-1974	30,235	24,659	5,576	5,212	363	5,576
1999-2000	1,504,396	85,216	1,419,180	1,273,475	145,552	1,419,027
2000-2001	1,615,892	85,216	1,530,676	1,376,061	154,462	1,530,522
2001-2002	1,672,263	85,216	1,587,047	1,416,463	170,430	1,586,893
2002-2003	1,693,072	85,216	1,607,856	1,421,359	186,343	1,607,702
2003-2004	1,826,687	85,216	1,741,471	1,556,323	184,995	1,741,318
2004-2005	1,783,855	85,216	1,698,639	1,547,948	150,537	1,698,485
2005-2006	2,102,133	85,216	2,016,917	1,870,512	146,251	2,016,763
2006-2007	2,340,259	85,216	2,255,043	2,122,309	132,580	2,254,889
2007-2008	2,436,359	86,322	2,350,037	2,215,358	135,631	2,350,989
2008-2009	2,818,074	84,972	2,733,102	2,593,325	139,379	2,732,704

SAN FERNANDO PROJECT

Fiscal year	Market value	Base year (1993)	Net increment	Secured	Unsecured	Total
1994-1995	803,254	730,208	73,046	88,434	(15,389)	73,046
1999-2000	959,991	730,208	229,783	207,206	22,577	229,783
2000-2001	1,004,694	730,208	274,486	249,104	25,382	274,486
2001-2002	1,081,647	730,208	351,439	319,079	32,360	351,439
2002-2003	1,118,670	730,208	388,461	350,487	37,974	388,461
2003-2004	1,153,079	730,208	422,870	391,488	31,383	422,870
2004-2005	1,176,255	730,208	446,047	417,272	28,775	446,047
2005-2006	1,196,523	730,208	466,314	456,956	9,358	466,314
2006-2007	1,325,205	730,208	594,996	545,734	49,262	594,996
2007-2008	1,424,628	729,216	695,412	649,292	45,128	694,420
2008-2009	1,540,175	728,962	811,213	743,384	66,583	809,967

Note: Base year Values have been re-stated to reflect the correct amounts.

Source: County of Los Angeles Auditor-Controller's Office (Tax Division).

Not covered by independent auditor's report.

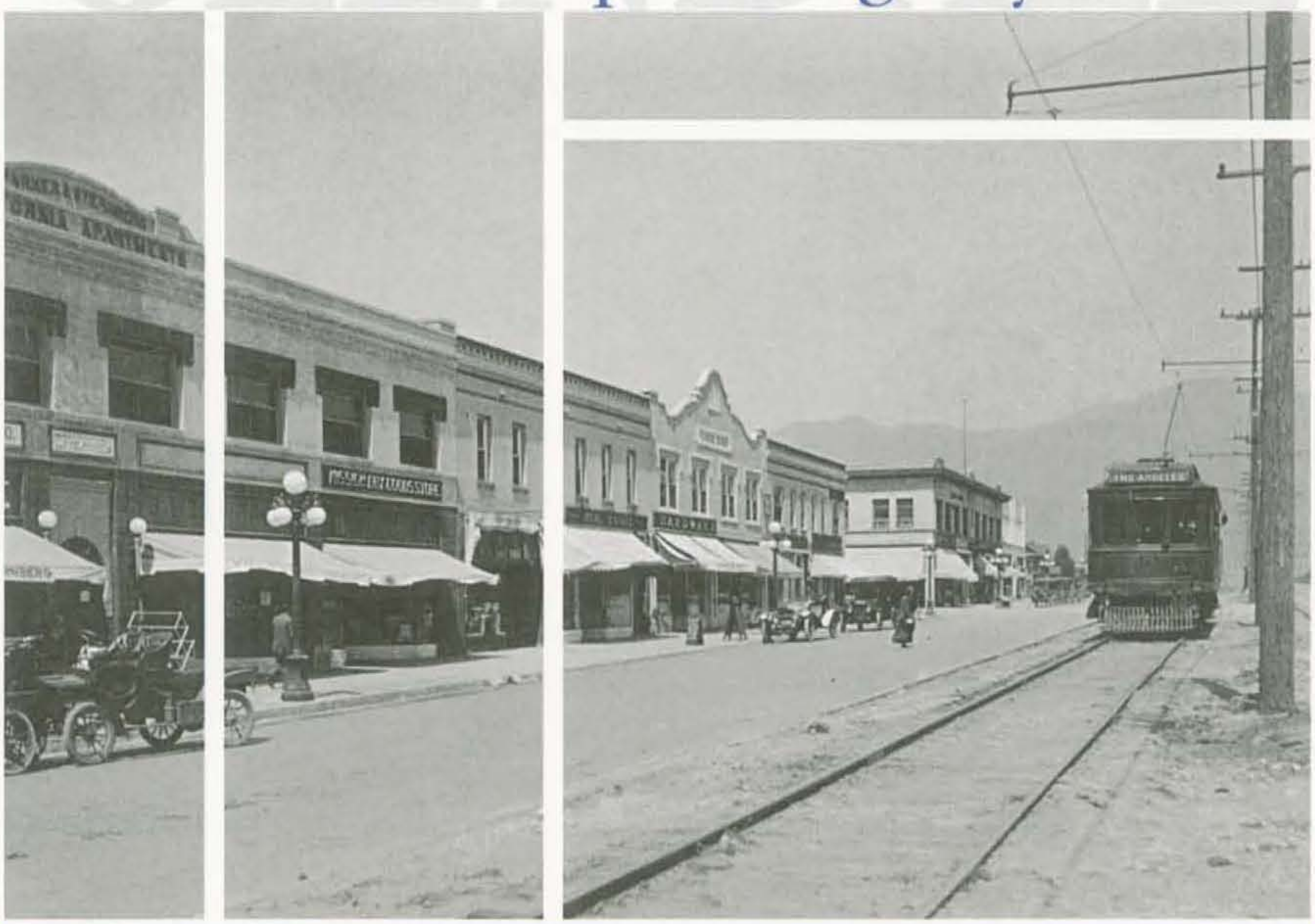
Schedule 12

GLENDALE REVELOPMENT AGENCY

Schedule of Credits

Robert Elliot, CPA Director of Administrative Services-Finance	General Overview Letter of Transmittal
Philip S. Lanzafame Director of Development Services	General Overview
Lily Fang, Accounting Services Administrator	General Overview Management's discussion & analysis Combined Statements Overview Notes to Financial Statements
Zinda Jimenez, Senior Accountant Alwin De Leon, Accountant I Nan Chao, Accountant I	Glendale Redevelopment Agency Debt Reporting
Adriana Escutia, Office Services Supervisor	Glendale Redevelopment Agency
Shu-Jun Li, Senior Accountant Anne Bockenkamp, Senior Administrative Analyst	Glendale Housing Authority Low and Moderate Housing
Graphics Section	Cover Design & Reprographics

Glendale Redevelopment Agency



COMPLIANCE SECTION

Year Ended – June 30, 2009

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Honorable Chair and Members
Glendale Redevelopment Agency
Glendale, CA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Glendale Redevelopment Agency (the Agency), a blended component unit of the City of Glendale, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. This included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies* issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the Agency, the City Council, Audit Committee of the City of Glendale, management, and the State Controller's Office – Division of Accounting and Reporting, and is not intended to be, and should not be, used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Pasadena, CA
November 24, 2009

ACTIVITIES BY GLENDALE REDEVELOPMENT AGENCY
(Not Covered by Independent Auditors' Report)

ACCOMPLISHMENTS-FISCAL YEAR 2008-09

Accomplishment	Expenditures 2008-09	Blighting Conditions Alleviated	Corresponding Citywide Strategic Goals
CENTRAL GLENDALE REDEVELOPMENT PROJECT AREA			
• Completed construction of the 272 room Embassy Suite Hotel project.		Conditions that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Economic Vitality
• Initiated the rehabilitation and adaptive reuse of the former DPSS building (a 68,000 SF vacant building) with media office uses.	$1	Building in which it is Unsafe or Unhealthy for Persons to Live and Work; Conditions that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Housing, Safe Community, Economic Vitality, Community Planning and Character
• Completed construction of the 189,000 SF Maguire office project located at 207 W. Goode.		Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses	Economic Vitality
• Provided ongoing management and coordination of the Alex Theatre operations. Complete waterproofing repairs, upgrades to the orchestra shell, replacement of plumbing fixtures and replacement of lighting console.	$1, 100	Defective Design and Character; Age, Obsolescence, Deterioration, and Dilapidation	Safe Community, Arts and Culture, Sense of Community, Community Services and Facilities

ACTIVITIES BY GLENDALE REDEVELOPMENT AGENCY
(Not Covered by Independent Auditors' Report)

ACCOMPLISHMENTS-FISCAL YEAR 2008-09

Accomplishment	Expenditures FY 08-09	Blighting Conditions Alleviated	Corresponding Citywide Strategic Goals
• **SAN FERNANDO ROAD CORRIDOR REDEVELOPMENT PROJECT AREA**			
• Coordinated the entitlement approvals for The Walt Disney Company's Grand Central Creative Campus (GC3) Childcare facility consisting of approximately 23,000 SF.		Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Economic Vitality, Community Planning and Character
• Coordinated the permitting and commencement of construction of the DreamWorks Animation Studio/Lakeside Annex building, consisting of 128,000 SF of office space and extension of the parking garage.	$19	Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Economic Vitality, Community Planning and Character
• Coordinated the entitlement approvals for the Glendale Triangle project consisting of a mixed-use development with 218 residential units and 54,000 SF of commercial retail space.		Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Housing, Sense of Community, Economic Vitality, Community Planning and Character
• Provided design review coordination that resulted in the completion of seven (4) façade improvement grant projects.	$128	Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Economic Vitality, Community Planning and Character, Sense of Community, Trust in Government
• Coordinated the permitting and commencement of construction of Vassar Villas located at 3685 San Fernando, consisting of 72 affordable residential units.		Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Housing, Sense of Community, Community Planning and Character

WORK PROGRAM-FISCAL YEAR 2009-10
(Not covered by the Independent Auditors' Report)

Goals	Corresponding Citywide Strategic Goals
CENTRAL GLENDALE REDEVELOPMENT PROJECT AREA	
• Complete construction of the Armenian Society of Los Angeles.	• Economic Vitality
• Complete the entitlement approval for Hyatt Place Glendale.	• Economic Vitality
• Provide ongoing staff assistance with the management and coordination of the Alex Theatre operations and capital improvement projects.	• Arts and Culture, Sense of Community, Community Services and Facilities
• Complete the Master Plan for the East Side of Brand Boulevard (as a part of the Town Center District Plan), proceed with the implementation of the pedestrian passageway connection from the Central Library and Adult Recreation Center to Brand Boulevard and re-tenant 216 S. Brand Boulevard.	• Economic Vitality, Parks and Open Space, Community Planning and Character, Arts and Culture, Community Services and Facilities
SAN FERNANDO ROAD CORRIDOR REDEVELOPMENT PROJECT AREA	
• Complete construction of the 128,000 SF DreamWorks expansion project.	• Economic Vitality, Community Planning and Character
• Complete entitlement and begin construction of the second phase of the Disney (GC3) project	• Economic Vitality, Community Planning and Character
• Begin construction on a mixed-use housing and retail project located on the triangle site between Los Feliz, Central and San Fernando Road.	• Housing , Sense of Community, Economic Vitality, Health and Wellness, Community Planning and Character
• Begin construction of the ICIS multifamily housing project.	• Housing, Sense of Community, Community Planning and Character
• Complete entitlement and begin construction of Mitaa Plaza located at 435 Los Feliz.	• Economic Vitality, Community Planning and Character

ACTIVITIES AFFECTING HOUSING AND DISPLACEMENT
(Not Covered by Independent Auditors' Report)

ACCOMPLISHMENTS – FISCAL YEAR 2008-09

Affordable housing programs and projects described below were funded with Redevelopment Tax-Increment funds set-aside for affordable housing (Redevelopment Set-Aside) and administered by the Housing Authority of the City of Glendale (Housing Authority). In order to provide a complete picture of progress in developing affordable housing, projects funded with federal HOME funds through the Housing Authority are included as well.

While there were no residential displacements or relocations, two long vacant structures were demolished by the Housing Authority in 2008-09.

I) Increasing Affordable Homeownership Opportunities

A) New Construction of Ownership Housing

No homeownership development projects were completed in 2008-09, however progress continued on two homeownership projects and a third project was initiated. These projects will result in approximately 16 affordable units for low-income first time home buyers, 57 units for moderate-income buyers and 3 market rate units based upon design and financing plans that have been completed to date.

Redevelopment Set-Aside Funded Development Projects Underway in FY 2008-09

339-343 and 331-335 W. Doran Avenue - Doran Gardens

The Housing Authority acquired one parcel in January 2005 and the adjacent lot in September 2007 for this development. A Disposition and Development Agreement (DDA) was approved in December 2005 with Heritage Housing Partners (HHP), a nonprofit housing development corporation for the first parcel. An Exclusive Negotiating Agreement (ENA) is in place for the adjacent site, while terms of an overall DDA are being negotiated. Relocation of the three households residing on the site was completed in 2005-06 in accordance with the approved Relocation and Last Resort Housing Plan for 339-343 W. Doran Avenue.

Proposed financing for this project includes New Market Tax Credits, $8.7 million of Redevelopment Set-Aside Funds, $4.8 million of State of California BEGIN funds, and $5.0 million of CalHFA Residential Development Loan Program funds. The frozen credit market has slowed progress on this project, but it is now moving forward again.

Preliminary design plans call for the combined project to develop 57 new moderate income units and to rehabilitate the three existing units as market rate housing. Construction will begin in November 2009 and will be completed by July 2011.

624-630 Geneva

The site at 624-630 Geneva was acquired by the Housing Authority in May 2006. Development of the residentially zoned site for affordable housing will aid in neighborhood revitalization and is appropriate for construction of 5 new units for low income first time home buyers. An ENA was approved in 2008-09 with San Gabriel Valley Habitat for Humanity to determine whether the project is feasible. Two existing, but long vacant single family residential units on site were demolished in December 2008.

HOME Funded Development Projects Underway in FY 2008-09

711-717 N. Kenwood Habitat

The Housing Authority purchased this vacant, residentially zoned site in July 2005. HOME funds in the amount of $1,525,000 have been invested in the project for the development of 11 attached single family homeownership units for large, low income families. The Housing Authority approved the DDA with Habitat in August 2007. Habitat conducted an aggressive fundraising campaign and received over $1 million dollars for construction of the new homes. Construction is underway and will be completed by January 2010. Homeowners have been selected to purchase the units and families are assisting in building the homes as part of their downpayment sweat equity obligation.

B) Homeownership Education Classes

A program providing free homeownership education courses for households that live and/or work in Glendale is funded through Redevelopment Set-Aside administrative funds. This class encourages households to prepare for the home buying process. A HUD-certified home buyer education and counseling trainer provides information and resources to home buyers on predatory lending practices, budget and credit issues, the mortgage prequalification and approval process, available loan options (including special lending and finance programs available to low and moderate income households), working with realtors and real property options, the loan closing process, and fair housing regulations protecting home buyers. Eight courses were presented to approximately 360 individuals in 2008-09. Two of these classes were provided in foreign languages – one in Armenian and one in Spanish.

C) Downpayment and Closing Cost Assistance

Redevelopment Set-Aside Funded Down Payment Assistance:

The Housing Authority offers two downpayment assistance programs. One is the First Time Home Buyer (FTHB) Program, funded through Redevelopment Set-Aside funds which targets moderate income home buyers from 81 to 120% AMI. The program offers substantial down payments to those who are interested in purchasing an entry level condominium in the City. The FTHB loan, which is a zero-interest, deferred payment mortgage assistance loan of up to $75,000 with an appreciation-share upon payoff, is secured by a second trust deed. This Program is targeted to home buyers purchasing an entry level home in the City, usually a condominium unit. One loan for a moderate income first time home buyer was closed in 2008-09. The gap between the Affordable Housing Cost for buyers and the market sales price of entry level units was so great during the year that the program was not feasible except for the very limited niche market of 1 person households interested in a 1 bedroom condominium, including the FTHB household that purchased a home this year.

HOME Funded Down Payment Assistance:

The other down payment program is the American Dream Downpayment Initiative Program (ADDI) which is funded through federal HOME funds and targets low income home buyers at 80% and below AMI. In Glendale the ADDI program is only feasible to purchasers of newly constructed Habitat homes as these are heavily leveraged and subsidized through Habitat 0% interest first mortgage loans, private donor contributions, and volunteer labor. Available ADDI downpayment and closing cost funds are committed to the 711-715 Kenwood Habitat homebuyers as described above.

II) Increasing Affordable Rental Opportunities

During 2008-09, one new construction family rental development was completed, five projects that received funding in prior years were in construction, and one new redevelopment site was purchased. Design concepts are being created for the future of this recently purchased site. An increasing number of rental development projects are relying on a combination of Redevelopment Set-Aside and HOME funds in order to leverage other multiple funding sources.

A) New Construction of Rental Housing

Redevelopment Set-Aside Funded Development Projects Completed in FY 2008-09(with HOME funding)

328 Mira Loma St - Metro Loma Apartments

This project is located in the San Fernando Redevelopment Project Area (SFRCRPA) and is adjacent to the Metro City Lights development project completed in 2006. Total development costs of approximately $20 million were funded in part through a $10.9 million 9% federal tax credit investment, $1.8 million in HOME funds, and $3.2 million of Glendale Redevelopment Set-Aside Funds. An Affordable Housing Agreement (AHA) and a Ground Lease with the Housing Authority were approved in January 2007. Construction began in June 2007 and was completed in December 2008.

The project serves 43 large, low income households. Amenities, including a recreation/open space area, are incorporated into the design of the project. Potential tenants were selected through an affordable housing drawing held in September 2008. Lease up was completed in January 2009.

Redevelopment Set-Aside Funded Development Projects Underway in FY 2008-09 (with HOME funding)

3673 San Fernando Road - Glendale City Lights

This project is located in the SFRCRPA. Total development costs of $36.7 million will be funded in part through $19 million of 9% federal tax credit investment, $1.4 million of HOME funds and $8.4 million of Redevelopment Set-Aside Funds. An AHA and a Ground Lease with the Housing Authority were approved in February 2008. Construction began in February 2008 and will be completed in January 2010.

The project will serve 67 large, low income households. Potential tenants will be selected through an affordable housing drawing to be held in October 2009. Lease up will be completed in January 2010.

295, 305, 307 East Garfield Street - Gardens on Garfield Revitalization

This project is located in the East Garfield Neighborhood Revitalization Area and is part of an overall plan of public and private improvements to revitalize the area. Issues/concerns that were identified for this neighborhood area include crime, deferred property maintenance, substandard housing, density, vacant/undeveloped land, lack of open space, parking (onsite and offsite), condition of street lighting, sidewalks, streets, and curbs, and traffic circulation/alley improvements. A revitalization plan was developed to address many of these concerns in a multi-disciplinary manner, which involves code enforcement, rehabilitation of housing units, improvement of public infrastructure, consideration of zoning standards, creation of open space, public safety improvements and the construction of affordable housing designed to raise the quality of life of residents.

Total development costs of approximately $13.1 million dollars will be funded in part through $5 million in 9% federal tax credit investments, $3.7 million of HOME funds, and $525,000 of Redevelopment Set-Aside Funds. An AHA and a Ground Lease were approved in November 2008. Construction began in November 2008 and will be complete by January 2010.

The project will serve 29 low income households. Potential tenants will be selected through an affordable housing drawing to be held in October 2009. Lease up will be completed in January 2010.

6206 San Fernando Road – Glendale Housing Corporation

This project is located in the SFRCRPA. The Housing Authority acquired the property in September 2004. Relocation of existing tenants and demolition of this blighted property was completed in 2005-06. The project will contribute to revitalization of the surrounding neighborhood, as well as provide special needs housing for persons with developmental disabilities.

A DDA was approved in April 2008 with the Glendale Housing Corporation, a UCP subsidiary and a certified Community Development Housing Organization (CHDO), whose purpose is to develop community based housing in Glendale.

The Housing Authority provided a predevelopment loan to the developer, United Cerebral Palsy of Los Angeles and Ventura Counties (UCP), to construct 24 affordable units. The total development cost is $10.6 million. Financing includes $3.1 million of HUD 811 Program funds, $2.7 million of State Multi-Family Housing Program, $3.3 million of HOME funds, and $1.2 million of developer equity. Construction began in January 2008 and will be completed by January 2010. Lease up will be completed in January 2010 also.

1814 Vassar Street – Vassar City Lights Project

This project was initiated in late 2007-08. This project is located in the SFRCRPA. The Housing Authority executed a letter of loan commitment in support of development of a 72 unit affordable family rental housing project July 2008 and acquired the site in early 2009. The development will serve large, low income households.

The developer has obtained $19 million in 9% Federal Tax Credits to assist with financing. Financing provided by the Housing Authority includes $11.7 million in Redevelopment Set Aside funds and $2.2 million of HOME funds. The Housing Authority obtained a bank loan from Union Bank in order to fund this project. The loan will be repaid through obligation of future year Redevelopment Set-Aside funds. The project began construction in June 2009 and will be completed in July 2010.

HOME Funded Development Projects Underway in FY 2008-09

615 Chester Street

The Housing Authority entered into an AHA with the Salvation Army in November 2007 and will provide $660,000 of HOME funding assistance to develop a 4-unit permanent supportive housing project for formerly homeless families with disabilities on a site owned by Salvation Army. Additional financing has been obtained from the HUD Supportive Housing Program for the project. The project began construction in October 2008 and will be completed by January 2010. Lease up will be completed in January as well.

Redevelopment Set-Aside Funded Development Sites Purchased in FY 2008-09

Fifth and Sonora Project

In October 2008, the Housing Authority purchased properties at the intersection of Fifth and Sonora Streets. These include 1116 Sonora Street, and 1412, 1414, 1418, 1422 Fifth Street properties, and one un-addressed parcel. The land was purchased for $6 million dollars with Redevelopment Set-Aside funds for a future affordable housing rental project. Design concepts are now being developed for the site.

B) Special Programs

The Housing Authority also administers several special programs to assist the unique needs of special needs households in Glendale.

Section 8 Dwelling Repair

Through this program Redevelopment Set-Aside grant subsidies provide an incentive for owners/managers to rent to the limited number of households who have recently been awarded a Section 8 or Shelter Plus Care voucher and are searching for an appropriate unit. These renters are having increasing difficulty finding a unit, as the rents in Glendale have increased over the years and the Section 8 payment standard has remained stable. The Housing Authority will provide a single grant up to $1,000 for new units to meet habitability requirements for those new voucher holders. No grants were provided in 2008-09.

Moving Assistance Grants

These grants provide Section 8 Housing Choice Voucher holders and Shelter Plus Care tenants with funds for necessary moving expenses to secure an affordable rental unit. The grants were available to reimburse one-half of actual expenses up to $2,500. During 2008-09, two Section 8 households were assisted with Moving Assistance Grants and $1,400 in Redevelopment Set Aside funds were expended.

The Dwelling Repair Grant and Moving Assistance Grant programs typically serve extremely low income households (less than or equal to 30% AMI).

LIFERAP

To assist working families, the Housing Authority offers a rental assistance program called the Low-Income Family Employment and Rental Assistance Program (LIFERAP) which provides rental assistance and subsequent career development assistance to eligible families using a one-time, 3 year Redevelopment Set-Aside funding allocation of $2.02 million. The program will provided up to thirty-six (36) months of rental assistance to low income, working families with incomes below 60% AMI, freeing up limited household resources to devote to education or job training activities.

Participating households pay 30% of their income in rent, and Redevelopment Set-Aside funds fill the rent payment gap. A case manager works with families to assist them to reach self-sufficiency goals and to reduce or eliminate the family's housing cost burden. During 2008-09, 12 households were assisted through this program and expended $117,700 of Redevelopment Set Aside funds during the first year of this 3 year program.

ERAP

The Emergency Rental Assistance Program (ERAP) is another rental assistance program whose purpose is to prevent homelessness through providing short-term rental assistance to households with incomes below 80% AMI that experience a housing crisis due to a demonstrated catastrophic event such as an illness, injury, or job loss. Participating households pay 30% of their income in rent, and Redevelopment Set-Aside funds fill the rent payment gap. The program is intended to provide temporary assistance for 3 to 6 months for households whose housing cost was affordable prior to the presenting crisis. ERAP assisted 1 household during 2008-09 and expended $5,000 of Redevelopment Set Aside funds.

III) Preserving and Maintaining the City's Existing Affordable Housing Stock

A) Single Family Rehabilitation Program

The Homeowner Rehabilitation Loan Program has four loan and grant products which assist eligible property owners with repairs and improvements to their homes as described below. During 2008-09, 17 homes were rehabilitated through this program. Assisted households included: 3 extremely low, 5 very low, 9 low, and 0 moderate income households. Redevelopment Set-Aside funds in the amount of $273,800 were expended for this program. No HOME funds were expended.

Rehabilitation programs include the Senior Rehabilitation Grant, the Special Accommodations Grant (to assist with housing accessibility for persons with physical disabilities), and the Lead Based Paint Hazard Reduction Grant each up to $10,000 per housing unit, and the Single Family Rehabilitation Loan up to $25,000 per unit (loans are deferred until the home's title is transferred)

B) Multifamily Rehabilitation

The Multifamily Rehabilitation program provides two types of loans. The first type provides forgivable low-interest loans of up to $14,500 per unit and up to $100,000 maximum per project to multifamily property owners for the purpose of improving their rental housing units. In return for the loan, the units must be rented to low-income tenants at affordable rental rates for a prescribed number of years. In 2008-09 no multi-family rehab loans of this type were funded. The rent limitations required for Redevelopment Set-Aside funded projects are significantly below the market rate developers can obtain for the units. While the program is not currently feasible in Glendale under current market conditions due to the low rents mandated by State and federal law, staff continues to market the program to those unique properties where the program may work. Staff also continues to monitor the rental housing market for any change that may improve the feasibility of the program.

The second type of multi-family rehab loan provides low interest residual receipts loans to non-profit affordable housing providers for the purpose of acquiring and/or rehabilitating rental properties. Rents and income levels of renters are restricted in return for this loan as well. While no projects were completed in 2008-09, one loan to the Verdugo Housing Corporation for moderate rehabilitation of 16 units for families in need of transitional housing is in progress.

HOME Funded Nonprofit Multi-Family Rehabilitation Project Underway in 2007-08:

624-630 Geneva West Hollywood HDC Predevelopment Loan (CHDO Loan)

A HOME funded predevelopment loan in the amount of $34,000 was provided to West Hollywood Housing Development Corporation, a Glendale certified Community Development Housing Organization (CHDO). The loan funded activities to determine whether acquisition/rehab of the existing units for affordable rental units at 624-630 Geneva Street was feasible. When it was determined that the financial costs were too great for a two unit rental project, in accordance with HOME rules, the predevelopment loan was forgiven.

C) Code Enforcement

Code enforcement efforts during 2008-09 resulted in the improvement and preservation of housing for low and moderate-income households in targeted areas. The Glendale Code Enforcement program was augmented with an allocation of approximately $1.1 million of Redevelopment Set-Aside funds.

IV) Continuum of Care for the Homeless

A Continuum of Care strategy is used to address the needs of homeless persons in the City of Glendale. The Glendale Homeless Coalition is a partnership between public and governmental agencies, local non-profits and community organizations, the business community, concerned residents, and formerly homeless individuals. The Continuum of Care conducted an unduplicated count of homeless persons in January 2009 and determined that there are 306 homeless men, women and children on any given day in Glendale. Fundamental components of the Continuum of Care include prevention, outreach and assessment, supportive services, transitional housing and permanent housing programs.

A) Emergency Shelter – PATH Achieve Glendale

PATH Achieve Glendale is a nonprofit organization that provides services to the homeless in Glendale. It operates a homeless service Access Center that provides assessment, information, specialized case management, part-time medical services and referral for disabled and chronically homeless persons. The Access Center is located adjacent to the PATH Achieve Glendale 40 bed emergency shelter.
The program also provides family transitional housing, a street outreach team, and permanent supportive housing programs.

In 2005-06 the Housing Authority committed $250,000 for a five year operating subsidy to the non-profit organization Project Achieve to provide assistance to the homeless in Glendale. After 2006-07, this commitment was transferred to PATH Achieve Glendale. During 2008-09 PATH assisted 336 unduplicated homeless individuals and expended $50,000 of Redevelopment Set Aside funds during the fourth year of the five year program.

IV) Administrative Activities

A) Inclusionary Zoning

In 1975 and 1976 California Community Redevelopment Law was amended and subjects redevelopment project areas adopted after January 1, 1976 to housing production requirements, more commonly known as inclusionary housing requirements. This measure ensures that a percentage of all units developed in the project area are affordable to very low and low/moderate-income households. The Central Glendale Redevelopment Project Area was adopted in 1972 and amended in 1975; thus, it is not subject to the inclusionary housing requirement.

However, the SFRCRPA, which was adopted in 1992, is required by law to meet the inclusionary housing requirement. In 2008-09 there were 44 residential units completed in the project area (Metro Loma Apartments) and, as a result, there was an inclusionary obligation of 6.6 units created. Including Metro Loma, three new construction residential developments with 129 housing units have been constructed in the project area. The inclusionary housing obligation has been met through development of affordable units in the Metro City Lights and Metro Loma Apartments project.

Seven new market rate and affordable residential projects comprising approximately 633 housing units are either under construction or are in the predevelopment stage of development. These projects will meet the inclusionary requirement through either construction of a percentage of affordable units or through payment of an in-lieu fee. The 3 affordable developments will meet the obligation by constructing units onsite. Due to current housing and credit market conditions the market rate projects are primarily on hold at this time. However, all of these projects have indicated they will meet the obligation through payment of an in-lieu fee. Staff will continue to monitor market condition changes and the impact these changes may have on proposed projects in the future.

B) Affordable Housing Impact Reviews

Staff reviewed 1 entitlement application in 2008-09. Such applications typically include condominium conversions, subdivision tract map requests, design review applications, and rezoning requests for their impact upon the supply of affordable housing in Glendale and potential displacement of tenants. Due to current housing market conditions, only one residential project was reviewed this year as other projects were delayed or converted to commercial projects.

C) Professional Organizations

The Housing Authority was active in professional advocacy organizations including Southern California Association of Non-Profit Housing, California Housing Consortium, California Redevelopment Association, National Association of Housing Redevelopment Officials, the Housing Authorities Association of Southern California, and others.

D) Monitoring

The programs and policies adopted for each program described in this report serve the needs of a wide range of low/moderate income groups, a range of age groups, and special needs groups. In addition, the loan agreements for these projects contain covenants that ensure affordability at the property for a defined time. To facilitate quality portfolio management after project completion, staff regularly monitors existing projects. Staff conducts physical, financial, and occupancy monitoring reviews to guarantee that loan recipients serve the intended populations and are in compliance with the loan agreement terms.

WORK PROGRAM – FISCAL YEAR 2009-10

I) Increasing Affordable Homeownership Opportunities

A) New Construction of Ownership Housing

The 3 ownership housing projects described as "In Progress" above will continue and the Kenwood Habitat project will be completed. The Housing Authority budgeted no new Redevelopment Set-Aside funds and $248,000 of federal HOME funds to assist in development of new affordable Homeownership units in 2009-10.

B) Home Buyer Education Classes

Six to nine seminars on "How to Buy a Home" will be provided serving approximately 190 home buyers in the next year. One of these classes will be presented in the Armenian language and another will be presented in the Spanish language.

C) Downpayment and Closing Cost Assistance Programs

Approximately $225,000 of Redevelopment Set-Aside funds will be available to fund 3 FTHB loans in the next year. Due to the high cost of entry level resale homes in the City of Glendale, the FTHB program has not been feasible for most moderate income home buyers for the past few years. While credit availability remains challenging today, lower priced entry level home may make it easier for moderate income households to purchase a condominium using the program in the next 12 months.

The federal American Dream Down Payment Assistance Initiative (ADDI) has not been funded by HUD in 2009-10.

II) Increasing Affordable Rental Opportunities

A) New Construction of Renter Housing

The 5 rental housing projects described as "In Progress" in the 2008-09 Accomplishments section above will continue in 2009-10 and 4 of them will be completed in 2009-10. This year the Housing Authority has allocated approximately $500,000 of Redevelopment Set-Aside and $1.8 million of federal HOME funds for new construction renter housing. Available funds are limited this year as a large percentage of Redevelopment Set Aside funds received annually are obligated for repayment of a 5 year loan from Union Bank for the Vassar City Lights project.

Projects to be completed in 2009-10:

- Gardens on Garfield – 29 units, families
- 6200 San Fernando – 24 units, special needs
- 615 Chester – 4 units, special needs
- Glendale City Lights – 67 units, families

B) Special Programs

1) Section 8 Dwelling Repair and Moving Assistance Grants

In 2009-10 the Housing Authority has allocated $5,000 in new funds for the Dwelling Repair and $12,500 for Moving Assistance Grants. It is anticipated that 10 Section 8 Housing Voucher and Shelter Plus Care households will be assisted through these programs.

2) LIFERAP

The Housing Authority has made a new three year commitment to LIFERAP in the amount of $2.02 million. This will provide rental assistance to approximately 50 households through 2010-2011. During 2009-10, families will continue to be recruited into the program and supported with $727,200 in funding.

3) ERAP

ERAP will use $20,000 of Redevelopment Set-Aside Funds in order to assist approximately 5 households in need of emergency housing assistance to prevent homelessness due to an unanticipated, catastrophic event in their lives.

II) Preservation of Affordable Housing Stock

A) Homeowner Rehabilitation Loan and Grant Program

In 2009-10 the Housing Authority has allocated $607,000 of Redevelopment Set-Aside and no federal HOME funds to assist 40 households with homeowner rehabilitation loans and/or grants including 2 special accommodation grants for persons with disabilities.

B) Multi-Family Rehabilitation Loan Program

In 2009-10 the Housing Authority has allocated $206,000 of Redevelopment Set-Aside and no federal HOME funds to rehabilitate 5 affordable multi-family rental housing units.

C) Code Enforcement Program

For 2009-10, the code enforcement augmentation program will use a $1.2 million Redevelopment Set-Aside allocation to improve and preserve housing for low and moderate-income households.

D) Preservation of Affordable Housing Developments – Palmer House Senior Apartments

Palmer House, owned by a subsidiary of Southern California Presbyterian Housing, is an existing 22 unit senior citizen apartment building that was developed with tax credit financing and Redevelopment Set Aside funds in 1991. It is experiencing financial difficulties. A financial analysis of the project indicates that the financial structure of the project is obsolete and that the restricted rents, extremely low incomes of a large number of the original tenants, and needed capital improvements require financial restructuring of the project.

In 2009-10 a plan for funding needed capital improvements and simplifying the financial structure to assure the project will remain financially solvent will be brought to the Housing Authority for their consideration.

III) Continuum of Care for the Homeless

A) Emergency Shelter – PATH Achieve Glendale

PATH ACHIEVE, a nonprofit service provider to the homeless, will use carryover funding provided for the fifth year of a five year total allocation of $250,000 of Redevelopment Set-Aside funds to continue operations of the PATH Achieve Glendale and their Emergency Shelter project. The subsidy will assist PATH ACHIEVE to serve approximately 300 unduplicated homeless individuals during the year.

IV) Administrative Activities

A) Inclusionary Zoning

As new housing development projects are proposed in the SFRCRPA, staff will implement the Housing Authority's inclusionary housing policies. One element of these policies is to review and approve inclusionary housing plans for construction of any new residential units in the Project Area. Two new developments were expected to submit an Inclusionary Housing Plan (IHP) for fulfilling the obligations of the inclusionary housing fee in 2008-09; however recent changes in the housing and credit markets delayed these projects. Staff will continue to monitor market condition changes and the impact these conditions may have on proposed projects in the future.

B) Affordable Housing Impact Review

Staff will review entitlement applications, including condominium conversions, subdivision tract map requests, design review applications, and rezoning requests as they occur for their impact upon the supply of affordable housing in Glendale and potential displacement of tenants.

C) Professional Organizations

The Housing Authority will remain active in professional advocacy organizations.

D) Monitoring

Staff will continue to perform financial, physical, and occupancy eligibility monitoring reviews of completed affordable housing, rehabilitation, and FTHB projects/loans.