

PARKING AUTHORITY MINUTES

April 10, 2002

PRESENT: Urban Mulvehill, Chairman; Larry Bentley; Stephen Bentkover; Troy Jellerette (8:25 p.m.)
Mayor Alex Knopp (Ex-Officio Member)

OTHERS: Kim Morque, Maritime Place, LLC
Norm Goldman, Desman Associates
Attorney Dave Panico (Firm of Robinson and Cole)

ABSENT: Amy Jimenez

STAFF: Ed Musante, Director, Redevelopment Agency
Jack Miller, Finance Director

CALL TO ORDER

Mr. Mulvehill called the meeting to order at 8:00 p.m.

Mr. Miller stated that he would give the background as to why the City was going through the process of utilizing a Parking Authority. He explained that the City had other garages to construct and currently they were looking at a vehicle of financing the Authority Issue Revenue Bonds. He stated that they were anticipating that over the longer term they could make this system self-supporting. He said that right now they had a deficiency of \$200,000 for the \$2 million dollar cost of this system. He added that \$900,000 of that revenue and expenses related to the South Norwalk Railroad Station and the East Norwalk Rail Road Station. He stressed that the 2 stations had to be treated separately and the fund were not supposed to be commingled. Mr. Miller remarked that they needed the Maritime Place Garage and he noted that Mr. Musante would describe the evolution of the garage and the Agreements behind it. He commented that they had recognized from the onset that there might be some operating deficiencies. He said that it was presented to the community that the City would stand behind constructing this garage to further develop the area. He went on to say that the tax revenue that would be generated from this facility was substantially greater than any prospective deficiency. He noted that they had to pledge spaces to the Maritime Aquarium and the developer was included with this. He stated that the City wanted to finance this project with tax-exempt money and added that there were specific benefits to making this tax-exempt. He advised the Committee that the developer had a commitment to buy another piece of property and the City would take 3.7% of the cost.

Mayor Knopp arrived at 8:05 p.m.

Mr. Miller said that the developer would pay for the property he was developing and would take the proceeds from the development and use them to pay for the cost of the garage. He went on to say that would enable the City to finance the structure tax-exempt and he noted that the City would not get the money until after the structure was completed. He said that they would likely have to issue notes and there would be loan bonds and revenue bonds matched to and timed to the receipt of these funds. He added that when the note came due it would be paid off with the proceeds.

Mr. Miller stated that the financing would be of 25 years duration and they had based their calculations on \$10.9 million dollars. He explained that would be less the \$3.7 million dollars the developer would fund and that would leave a net of \$7.2 million dollars that the City anticipated financing with long-term revenue bonds.

Mr. Bentley asked Mr. Miller if the City would issue notes to the term of \$3.7 million dollars short term and if they were general obligation notes and under the tax-exempt feature. Mr. Panico responded that they would be taxable because they would be paid off privately and he added that they would not have to be collateralized. Mr. Mulvehill interjected that they had to be used to raise money or pay obligations. Mr. Bentley asked when the bonds would be issued and Mr. Miller replied that it would be done concurrently. Mr. Panico interjected that they needed to get all the money together to build it up front. He added that the portion of the garage that would be used by the developer was the taxable part and the remainder would be used by the public and could be financed tax-exempt. He remarked that there were other contractual aspects that needed to be reviewed.

Mr. Musante explained that representatives from Maritime Place LLC/ Spinnaker LLC were present this evening at the request of the Authority. He said that Spinnaker was under contract to be the City developer of this parking structure in addition to the other structure. He added that they also had the right to Parcel 3, the former South Norwalk rail yards. He further explained that the plan was to significantly expand the parking from 480 spaces to 774 spaces in the parking structure. He stated that the Parcel 3 land would be sold to the developer and they would provide a mixed use residential and hotel facility. He said that there was a floor on the sale price of \$3.77 million dollars of that piece under the Legislative Act that allowed the City to buy that land from the State. He noted that the City was obligated to take any proceeds and put it into the garage.

Mr. Musante discussed how they had derived at the parking needs of the Aquarium and also the parking needs of the private developer. He detailed how this had been reviewed, examined and negotiated over many years. He said that based on the studies that had been conducted they believed that the parking could handle the Aquarium's yearly visitors of 750,000, which would be a considerable increase over the current attendance.

SWEARING IN OF PARKING AUTHORITY MEMBER
STEPHEN BENTKOVER

Mayor Knopp swore in Stephen Bentkover as a Member of the Authority. He welcomed him to the position and thanked him for giving his services to the City.

Mr. Jellerette arrived at 8:25 p.m.

Mr. Mulvehill mentioned the feasibility study and stated that it had already been decided how many spaces would be constructed. Mr. Musante advised that as part of the bond issue requirements they needed to have an in depth study of the generated parking revenue. He stated that a presentation would be made at the next meeting of the first draft of the study. He said that an independent review of the information would be made as well as choosing independent car count locations in order to gauge the current demands and predict future demands. He went on to say that not only would the Authority have the analysis to review but they would also have an independent one to review as well.

Mr. Musante explained that the traffic study had been based on the traffic from a Thursday and a Saturday and that Saturday had been chosen because it was felt that a greater number of people could be captured at the movies and restaurants. He added that Saturday projections would be used to assist in predicting Sunday. Mr. Mulvehill stated that other parking facilities were available for parking on Sunday that were not available on Saturday and he did not feel that Saturday was representative of Sunday.

Mr. Goldman interjected that assumptions could be made because the Maritime Aquarium was very meticulous in their head counts. He added that as this area began to develop there would be fewer and fewer vacant lots available.

REPORT FROM MARITIME PLACE LLC,
SPINNAKER DEVELOPMENT LLC

Maritime Aquarium Garage Development Project

Mr. Morque, Director of Development for Spinnaker described the components of the project to the Authority. He stated that the response from the market had been excellent and that Norwalk should be very proud of the planning process and how far it had come along. He noted that Mayor Knopp had been involved in the project since the 1980s. He commented that he was pleased to be involved and was looking forward to the project's completion. He remarked that much time had been spent trying to understand the parking demand. He added that the Aquarium had been the driving force and that the South Norwalk Business Association along with a significant number of businesses had all been very supportive of an Authority.

Mr. Morque then displayed a rendering of the facility to the Members and described the core building and its design. He said that this would be a first class 774-car facility on 6 levels of parking. He went on to say that there would be good lighting throughout the garage. He then described the main entrance on North Water Street near Ann Street. He

showed an elevation of the garage and noted that Mr. Overton had been very involved in working with them and he added that they tried to work within the contours of the existing land. He stated that it was a very efficient structure made out of pre-cast concrete tees, which was a standard in the construction industry. Mr. Bentley asked if the facility would have speed bumps and Mr. Morque replied that it would not.

Mr. Mulvehill commented that North Water Street was a gateway for everyone who lived on the other side of Washington Street. He asked if it would be open for through traffic without a line of cars waiting to enter the garage. Mr. Morque replied that he was not certain that the traffic flow would work initially but eventually when the Reed Street underpass was in it would work more smoothly. Mr. Mulvehill voiced his concerns of a bottlenecking situation and Mr. Desmond responded that there should not be a problem because it would only take 4 seconds for the ticket transaction to take place and there would be sufficient queuing space for entering. Mr. Musante interjected that an analysis had been conducted and the peak use of the garage would be on the weekends and secondarily after 10:00 a.m. when the Aquarium opened. He added that the peak time for other traffic was 1 - 1½ hours earlier and there was not much competition between the Aquarium and commuter traffic.

Mr. Mulvehill stated that he envisioned more of a problem on a Saturday or Sunday around 10:00 a.m. when visitors were arriving and Friday and Saturday evenings when events were being held at the Aquarium. Mr. Musante stated that the roadway and streetscape improvements were par to the overall project. He noted that it might slow people down so as almost to discourage through traffic into the area and added that this would be a very significant pedestrian area.

Mr. Overton advised that the Redevelopment Agency was responsible for the planning process and originally to try to satisfy the safety needs of the intersection. He added that it was also responsible for trying to optimize a slowing down and maximize lane capacity. He remarked that 2 types of operations took place here but not at the same time. He explained that the reason for the new underpass was for it to act as a relief valve in the early morning rush hours.

Mr. Morque assured the Authority that a number of conceptual design meetings had been held and they had the benefit of traffic studies and quite a bit of knowledge of the use of the area. He noted that there would be a grab ticket mechanism used and vehicles would be driving through within 45 seconds. He explained Mr. Overton's suggestion of flexible loading and from that suggestion tenants and businesses would be using the Marshall Street entrance during daytime and weekends. Mr. Mulvehill asked if 2 lanes of roadway could be utilized at North Water Street but Mr. Overton advised that it was not physically possible to get an extra lane there with turning traffic. Mr. Goldman commented that there should be very little through traffic generated by vehicles entering and exiting this garage.

Mr. Mulvehill cautioned that there was only one way out of that area from Water Street to the thoroughfare. He noted that the traffic on Washington Street was bumper to

bumper and there was a 10-minute tie up from traffic light to traffic light. He said that he hoped this was not lost in the study but added that he knew they were focusing on it and doing the best they could.

Mr. Jellerette asked about the design for exiting the structure and Mr. Morque replied that there would be one central cashiering station with 2-3 operators. Mr. Morque added that there would be no delay at the exit lane and it would be more secure than having the cashiers sitting out in a kiosk. He stated that there would be 2 exit lanes to North Water Street and one to Marshall Street. He informed the Authority that the Common Council had approved the budget last night and a copy was in their packets. He explained that one budget dealt with public improvements and the other was a private development project, which was fully funded by the developer. He said that the first page was a listing of the public improvements and that a number of items had detailed sheet backups. Mr. Morque reviewed this report with the Members, noting that contingencies had been included. In reviewing the hard costs he stated that the General Conditions and Construction Management Fees were estimates at this time. He explained that their obligation under the Agreement was to complete the full design of the project. He went on to explain that after that they would arrive at a Guaranteed Maximum Price, a contractor would be hired, they would seek approval from the Common Council and then actual construction would begin. He advised that the investors would want a GMP before they issued the bonds. He added that it would take 90-120 days to get the GMP in place. Mr. Musante interjected that they would have to decide whether or not a construction manager would be utilized for value engineering. Mr. Morque stated that the intent was to integrate the construction manager into the project.

Mr. Morque explained that once Common Council approval had been secured the private sector would start the next day and construction would start as soon as possible. Mr. Panico advised that they would run parallel with Common Council approval and be utilized in the value engineering process. He said that there were fairly complex conditions in foundation and they would want to utilize the construction manager.

In reviewing the preliminary budget with the Members Mr. Morque noted that there was a 10% contingency fee on all hard costs and added that it was prudent to do this in the preliminary budget. He commented that the numbers for the garage had been developed by Desman Associates and by Alan Davis Associates for the civil construction. He noted that it was not a full construction document but that would come with the document in the fall.

Mr. Overton asked the cost per space in the garage and Mr. Goldman replied that it totaled \$13,842 per parking space and that included demolition. Mr. Goldman added that it was a reasonable price for a quality garage compatible with the area. He said that the purview of the Authority would only be over the parking area. Mr. Bentley remarked that the entire community knew the Authority had no jurisdiction over the residential area.

Mr. Mulvehill asked Bond Counsel's fee and Mr. Miller replied that amortization costs were also included in the fee. Mr. Miller also stated that the fee included capitalization

expenses, interest, finance cost over 25 years matched to anticipated revenue. He said that the anticipated operating expense of the garage was \$450 a space. Mr. Mulvehill asked again what Bond Counsel's fees would be and Mr. Miller replied that it could be \$200,000 - \$500,000. Mr. Musante interjected that none of those expenses were factored into the preliminary numbers. Attorney Panico stated that Bond Counsel costs would equal 3% of the total; 1% to the underwriter and 2% for all other legal costs and printing. Mr. Miller remarked if financing were needed in 3 months it gave a deadline for the Authority to complete everything.

Mr. Morque advised that they would be hitting their peak for cash flow needs in 8 months when they would be spending significant dollars in the late fall/end of the year. Mr. Mulvehill asked if the entire amount had to be spent when a bond was sold and Mr. Panico advised that they would net fund the money but the bond had to be fully sold unless it was known that all the money was there to fund the project.

Mr. Jellerette asked if the structure had the capability of expanding upwards and Mr. Musante replied that it did not and added that the structure as designed would be at the highest level for zoning. Mr. Jellerette commented that zoning rules could be changed but he wanted to know if structurally the building could be expanded upwards. Mr. Musante responded that this was a large, imposing structure and even if zoning allowed them to expand up another 20' it wouldn't look nice esthetically.

Mr. Mulvehill asked about the hotel that would be built and if it would have self-contained parking. Mr. Morque replied that their obligation under the Agreement was to perform a joint hotel feasibility study with the Redevelopment Agency. Mr. Musante interjected that the hotel was a full service conference style hotel with a potential ballroom capacity for 800. He remarked that there could be potential revenues down the line for this garage from the hotel's evening functions. Mr. Mulvehill said that his concern was that if the hotel did not have enough of parking it might take some of the parking designed for the Aquarium. Mr. Morque replied that they really did not know at this time and the issue needed to be reviewed very carefully. He noted that generally this was an urban area and parking resources were expensive so whenever they could share the use and maximize the revenue potential they should. He pointed out that Reed/Putnam was profitable because they had mixed use and there was complimentary shared parking potential there.

Mr. Bentley commented on the 225 parking spaces that would not be available for the Lock Building and Mr. Musante replied that the Agreement called for their passes to be limited and they would not work on weekends or holidays. Mr. Morque pointed out that there were parking spaces on site at the Lock Building and if something unique happened they could come to the Authority for special operations and work it out.

REPORT FROM BOND COUNSEL

Issuance of Revenue Bonds

Timeline and Checklist for the Sale of Bonds for the Maritime Aquarium Garage Project

Attorney Panico addressed the Members and stated that his firm had been bond counsel to the City for a long time. He commented that he had worked with Mayor Knopp and Mr. Miller in establishing the Parking Authority and also in writing the Ordinance. He informed the Members that he had assisted in forming Hartford's Parking Authority as well as their bond issue.

Attorney Panico explained the process to the Members and advised them of their jurisdiction. He informed them that as of July 1st they would acquire all rights and obligations with respect to outstanding Agreements to the parking facilities. He said that a number of people would assist the Authority until the Services Agreement was final. He commented that a lot of information needed to be in order for the bond issue. He explained that the revenues and expenses against the bonds needed to be determined. He added that would be the debt service on the bonds. He stated that this had to be entered into an official statement and the prospectus would be sent out to the bondholders. He went on to explain that the bonds would be structured so that the debt service would be the primary payment and he noted that many issues still had to be worked out. He remarked that the debt service caused operations to be short and the City would cover those expenses so operations could continue. He added that the bonds would be highly rated and insurance was necessary so that if there were ever a default on the payments or interest they would be paid by the insurance company.

Mayor Knopp commented that one of the reasons for creating the Authority was so that the debt service didn't appear on the City's books. Mr. Panico interjected that this was not a general obligation of the City. Mayor Knopp informed the assembly that under the prior Administration the Parking Authority had been set up only for this garage but his plan was to have all garages in it. He added that all revenue from all parking in the City was pledged to these bonds. Mayor Knopp remarked that one goal of the Authority should be to eliminate the current deficit of City Parking and he added that he felt they needed to deal with the rate structure over time. A discussion ensued regarding permit rates and parking at the Yankee Doodle Garage and the Haviland Street Garage.

Attorney Panico advised that his firm had prepared a booklet describing the bonds and the securities behind them. He added that there was also a short piece on the private entity and a short piece on the City. He commented that there would be a big section regarding the City in the official statement.

Attorney Panico explained that the process would be to issue and deposit the money with the bank and the developer would submit signed AIA documents to request payment. He noted that the City would have to sign off on the documents in order for payment to be made. He commented that the City might need to hire its own representative to go out to the site and verify that the percentage of the project that was completed equaled the

percentage of the project that was being billed. He noted that it was a safeguard that was put in place for the bondholders as well as the City.

Mr. Bentley stated that based on the size of the project it was absolutely necessary that an independent be hired. Attorney Panico advised that the Members would want to review and approve the contract as well. He added that he would find out the names of any firms that performed draw down inspections. Mr. Overton interjected that they needed to hire a construction administrator and a document should be drawn for structural peer review. Mr. Musante advised that a consulting engineer was not included in the budget. Mr. Overton commented that he was certain that the cost was already added in and they would not have to reconfigure.

Attorney Panico stated that since bonds would be issued they would want the structure built and up and running generating revenue. Mr. Musante commented that Spinnaker was the developer of the garage, not the builder. He said that they would identify the construction manager and the Common Council or the Authority would hire the construction manager who would actually be the constructor of the project. He added that Spinnaker was doing the oversight, even on the payments. Mr. Musante advised that the Parking Authority would function upon the approval of the Common Council and these bonds would be City of Norwalk Parking Revenue Bonds. He added that the Common Council would approve the inducement resolutions and that the bonding authority was with the City yet the construction ability fell to the Authority. He noted that the revenue to pay off the bonds was with both the City and the Authority and they would have to come together pay them off. He said that the Parking Authority would pay the City for its services but would be subordinate to the debt service on the bonds.

Mr. Miller advised that there would be a paying agent and there would be documentation to show the process of how the bonds were paid. Attorney Panico advised that the Indenture of Trust would be drawn up and there would be provisions for sending notices to the General Fund for covering operating deficiencies. He said that the Authority would always seek to charge rates that would pay off the debt service of the bonds and they would also seek to insure the garages. He noted that there would be a million dollars that they would put into a fund that hopefully would never be used. He explained that there was a timing difference between when the City would appropriate the money and when it would be deposited. He noted that they might need a year's worth of debt service reserve fund because of physical delays in appropriating the money. He added that it would also give them a better rate on the bonds. He noted that they would be receiving advice from their underwriter on that.

Mr. Mulvehill asked what would happen when they decided to build the second or third garage and if they would have to raise money separately. Attorney Panico responded that the Indenture of Trust would cover that. Mr. Mulvehill also asked if they could use a mechanism to fund the second or third garage and Attorney Panico said that they could. Attorney Panico said that they would be "super sinker bonds" and if the cash flow were sufficient the authority would be able to pay off those bonds on specified dates and if it were not sufficient they could stay out there without penalty. He added that bonding rates

were pretty good right now and the quicker they could get this done the better because the rates were apt to go up at the end of the year.

Mayor Knopp discussed the other possible locations for the additions to the parking inventory. Attorney Panico advised that they would be getting some advice from Corporation Counsel because they would probably want to adopt some personnel policies and Bylaws might have to be created. He remarked that his firm was still answering questions for Hartford and he felt there would be a lot of little questions that would come up that would be Bond Counsel questions. However, he mentioned that they would be able to get a lot of help from Corporation Counsel.

APPROVAL OF MINUTES FROM APRIL 1, 2002

The following corrections were made to the minutes:

Page 2, 5th Paragraph, Last Sentence should read: "Three will be significant new taxes generated by the land that can be sold with the parking provided by the parking garage."

Page 3, 11th Paragraph, Only Sentence should read: "Discussion also took place on environmental issues for the garage area and it was reported that there are none".

Page 4, 5th Paragraph, First Sentence should read: "The Chairman said he saw no provision for insurance or indemnity for the Authority in the event of a lawsuit."

**** MR. BENTKOVER MOVED APPROVAL OF THE MINUTES AS CORRECT.**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

Mayor Knopp asked who would be the dedicated staff person for the Authority and Mr. Musante advised that Kathryn Herbert would.

APPROVE REGULAR MEETING DATES

Mr. Bentley informed the Members that he still had a problem with being available for meeting on the 4th Wednesday of each month. He explained that on that particular night there was a conflict with the scheduled meetings of a nonprofit organization where he was on the Board. He stated that he had to resolve the schedule conflict but he could not resolve it at this time. Mayor Knopp advised that there were only 2 regular nights per month that staff did not have other commitments and he would have to find out what they were.

ACTION ON ANY DISCUSSION ITEMS LISTED HEREIN

No actions were taken at this time.

ADJOURNMENT

**** MR. BENTKOVER MOVED APPROVAL TO ADJOURN.**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

The meeting adjourned at 10:20 p.m.

Respectfully submitted,

Ann Marie DeLuca
Telesco Secretarial Services

