

**CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
DECEMBER 9, 2009**

ATTENDANCE: Emil Albanese, Acting Chairman, Commissioners Randy Napoletano, Lisa Cooper and Felix Serrano.

AGENCY COUNSEL: Marc J. Grenier, Esq.

STAFF: Timothy T. Sheehan, Executive Director, Munro W. Johnson, Sr. Development Project Manager, Michael Moore, Sr. Community Development Project Manager, Margaret Suib, Fair Housing Officer, John Slovak, NRA Comptroller

OTHERS: Karen Meyers, Cummings & Lockwood, Tad Diesel, Mayor's Director, Marketing & Business Development

CALL TO ORDER

The Regular Meeting was called to order at 6:33 P.M by Acting Chairman Albanese.

ROLL CALL

I. APPROVAL OF MINUTES – NOVEMBER 18, 2009, Regular Meeting

**** MR. NAPOLETANO MOVED TO APPROVE THE
MINUTES OF THE NOVEMBER 18, 2009 REGULAR MEETING.
** MR. SERRANO SECONDED.
** THE MOTION PASSED UNANIMOUSLY.**

II. FINANCE

1. NRA Operating Financial Statements – September 30, 2009
2. Quarterly P & L and Balance Sheets for all Funds for YTD Ending September 30, 2009
3. Year-to-Date Operating Financial Statements for the period ending October 31, 2009
4. Approve draft of audited certified financial statements for NRA and North Walke Housing Corporation for Fiscal Year Ending June 30, 2009
5. Details Comprising Audited Financial Statements for Fiscal Year June 30, 2009
6. Move \$25,000 from Deferred Revenue to Salary Account
7. Agency Approval of the Grant Requests

Mr. Slovak noted that information on items 1 and 2 are in the packet for the Commissioners' review.

With regard to item 3, total revenues including interest income and miscellaneous revenues for year-to-date ending October 31, 2009 are \$573,979. Total year-to-date expenditures are \$596,361. This results in an actual October 31, 2009 net year-to-date operating deficit of (\$22,382) for the first four months of the new fiscal year.

After using a portion of Deferred Revenues that were earned over the last 5 fiscal years in the amount of \$47,575 to cover the (\$22,382) operating deficit for the first four months, the result is an operating surplus of \$25,193 year-to-date.

As to item 4, as shown on page one of the audited certified financial statements, under Financial Highlights – Norwalk Redevelopment Agency, the assets of the Norwalk Redevelopment Agency exceeded its liabilities at the close of the most recent fiscal year by \$9,514,099, which are net assets. This is a decrease in net assets of \$1,488,299 from the previous fiscal year. This was due to a prior period adjustment which increased the bad debt allowance by \$1,810,885 to recognize non-performing loans and the decreased value of the sub-prime loan portfolio. This was offset by payment from the City in the amount of \$322,586 for unfunded expenditures that directly benefited the City in previous years.

In response to a question by Mr. Albanese, Mr. Slovak said they took 100% of the loans that have not paid any principal or interest over the last ten years, which were essentially a grant but were called an asset, and then they took 50% of the other loans that have been performing as a bad debt reserve. They have not told the people they don't have to pay on the loans. They still do, but in case the worse situation happens, they can charge against the bad debt reserve. If the money should come in at sometime in the future, they can take back the bad debt reserve as income, but conservative accounting requires them to recognize a bad debt reserve, particularly on assets that really should have been given out as a grant because they are not paying. It was on their books as an asset, but it is not an asset if it is not paying.

Mr. Sheehan said they were highly conservative and took the maximum amount that they thought they could legitimately justify as a bad debt reserve, because they didn't want to have a situation where they were constantly going back and adding more to the bad debt reserve. They would rather have it in one audited statement rather than multiple statements. The numbers are reported to HUD and HUD is looking at the portfolio as an asset that the Agency had, although the Agency knew that the numbers were much higher than what they really had as an asset base.

Mr. Slovak said with regard to North Walke Housing Corporation, they had a surplus of \$15,756. All the information for consolidated, combining and comparative P&L's and balance sheets for all funds is included. The audit was a good clean audit. The auditor did not change a single number. On page 21 the auditor expressed an unqualified opinion and there were no instances of non-compliance material to the financial

statement, an unqualified opinion on major federal program awards, and there were no findings or questions regarding the financial statements.

Mr. Sheehan said with regard to item 6, they did some further refinement of the number after the package went out, and the maximum amount to be taken from deferred revenue and transferred to the salary account is \$20,000, although they are not anticipating that there will be a full utilization of the \$20,000.

Mr. Slovak said as to item 7, grant applications, an attachment has been provided giving the details of what the Agency lost over the last two years regarding the City grants. Detailed descriptions and dollar amounts for each of the four City grant applications totaling \$436,749 are included in the package, which is for services provided to the City for Fair Housing services, Neighborhood Improvement services, Marketing services and Housing Site Development services.

Mr. Sheehan said they put forward a 2½% increase, but are not optimistic that it is going to be fully realized given the City's current financial situation. The services the Agency provides to the City and what the City provides to the Agency in exchange do not equal out, but it is up to the Commissioners as to whether the Agency continues to enter into the service agreements with the City. The greater concern has been if the City determined that it was not going to pay for the services, although he City has never defaulted on this. There is no written contract, but Agency counsel has indicated that if the Agency accepts the grants, there might be an implied contract that the Agency would be providing the services for the year.

**** MR. SERRANO MOVED TO APPROVE ITEM 1, THE NRA
OPERATING FINANCIAL STATEMENTS – SEPTEMBER 30, 2009.**

**** MR. NAPOLETANO SECONDED THE MOTION.
THE MOTION PASSED UNANIMOUSLY.**

**** MR. ALBANESE MOVED TO APPROVE ITEM 2, THE
QUARTERLY P&L AND BALANCE SHEETS FOR ALL FUNDS
FOR YTD ENDING SEPTEMBER 30, 2009.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MR. ALBANESE MOVED TO APPROVE ITEM 3, THE YEAR-TO-
DATE OPERATING FINANCIAL STATEMENTS FOR THE
PERIOD ENDING OCTOBER 31, 2009.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MR. ALBANESE MOVED TO APPROVE ITEM 4, THE DRAFT
AUDITED CERTIFIED FINANCIAL STATEMENTS FOR NRA
AND NORTH WALKER HOUSING CORPORATION FOR FISCAL
YEAR ENDING JUNE 30, 2009.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MR. ALBANESE MOVED TO APPROVE ITEM 5, THE DETAILS
** COMPRISING AUDITED FINANCIAL STATEMENTS FOR
** FISCAL YEAR JUNE 30, 2009.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MS. COOPER MOVED TO APPROVE ITEM 6, TO MOVE \$20,000
** FROM DEFERRED REVENUE TO SALARY ACCOUNT.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MR. NAPOLETANO MOVED TO AUTHORIZE THE
** COMMISSIONERS TO SUBMIT THE CITY GRANT
** APPLICATIONS. THE COMMISSIONERS ARE ALSO
** ALLOWING THE EXECUTIVE DIRECTOR TO ACCEPT GRANTS
** AT A FUNDING THRESHOLD WHICH IS NOT LESS THAN THE
** PREVIOUS YEAR'S FUNDING. IF ANY CITY GRANT BUDGET IS
** CUT BELOW THE PREVIOUS YEAR'S FUNDING, IT WILL
** REQUIRE THE COMMISSIONERS' RECONSIDERATION.**

**** MR. SERRANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

III. BUSINESS

A. 2010-2014 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT

- 1. Approval of Consultant to Complete 2010-2014 Consolidated
Plan for Housing and Community Development**

Mr. Moore said the Redevelopment Agency, as the administrator of the local Community Development Block Grant program, is obligated to produce a new five year Consolidated Plan for Housing and Community Development (ConPlan). The current ConPlan will expire at the end of this fiscal year, so the Agency has begun a competitive procurement process to select a consultant to aid in drafting the ConPlan. Agency staff and the Joint Committee have completed the interview process and recommend the selection of OKM Associates of Brookline, Massachusetts to complete the ConPlan. He would like to amend the proposed motion to indicate OKM Associates as the selected consultant at a cost of up to \$30,000. Mr. Moore said he met with Council President Hempstead and discussed the interview process, and he was comfortable with the selection.

**** MS. NAPOLETANO MOVED TO AUTHORIZE THE EXECUTIVE
** DIRECTOR TO ENTER INTO A CONTRACT WITH OKM
** ASSOCIATES FOR UP TO \$30,000 FOR THE PURPOSE OF
** COMPLETING THE CITY OF NORWALK'S 2010-2014**

CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT.

**** MR. SERRANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

B. ELECTION OF OFFICERS

Mr. Grenier explained that the Agency typically has its election in July of each year, but due to Mr. Jones' passing, they thought the election was necessary and appropriate at this time and in accordance with the Bylaws so that the Redevelopment Agency has its team altogether moving forward for the first half of 2010.

**** MR. SERRANO NOMINATED AS THE SLATE OF OFFICERS
EMIL ALBANESE AS CHAIRMAN, FELIX SERRANO AS VICE
CHAIRMAN, AND RANDY NAPOLETANO AS
SECRETARY/TREASURER.
** MS. COOPER SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

IV. OLD BUSINESS

**A. 501(c)3 Economic Development Corporation
1. Capitalization and Operations**

**** MR. ALBANESE MOVED TO CLOSE THE MEETING AT 6:55 P.M.
AND GO INTO EXECUTIVE SESSION.
** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

Mr. Grenier noted that the reason for going into Executive Session is to discuss matters that would result in the disclosure of public records or information described in Section 1-210 of the Connecticut statutes.

**** MR. ALBANESE MOVED TO COME OUT OF EXECUTIVE
SESSION AT 7:18 P.M.
** MR. SERRANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

V. NEW BUSINESS

Mr. Albanese said he will entertain three action items as outlined in the document.

**** MR. SERRANO MOVED THAT THE COMMISSIONERS OF THE
NORWALK REDEVELOPMENT AGENCY HEREBY APPROVE
THE AGREEMENT DATED DECEMBER 9, 2009 BY AND AMONG
THE AGENCY, NORWALK ECONOMIC DEVELOPMENT
CORPORATION AND NORTH WALKE HOUSING
CORPORATION REVIEWED BY THEM TODAY, AND**

AUTHORIZE THE EXECUTIVE DIRECTOR OF THE AGENCY TO EXECUTE SUCH AGREEMENT AND TO CAUSE THE AGENCY TO PERFORM THE TRANSACTIONS CONTEMPLATED BY SUCH AGREEMENT.

**** MS. COOPER SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MR. NAPOLETANO MOVED THAT THE COMMISSIONERS OF THE NORWALK REDEVELOPMENT AGENCY HEREBY APPROVE THE FORM OF LETTER AGREEMENT DATED DECEMBER 9, 2009 (THE "FUNDING AGREEMENT") REVIEWED BY THEM TODAY WHICH PROVIDES THAT THE AGENCY WILL MAKE GRANTS OF THE NORWALK ECONOMIC DEVELOPMENT CORPORATION AND HEREBY AUTHORIZE THE EXECUTIVE DIRECTOR OF THE AGENCY TO EXECUTE THE FUNDING AGREEMENT.**

**** MR. SERRANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

**** MS. COOPER MOVED THAT THE COMMISSIONERS OF THE NORWALK REDEVELOPMENT AGENCY HEREBY APPROVE A GRANT AWARDING THE AMOUNT OF \$4,000,000 TO THE NORWALK ECONOMIC DEVELOPMENT CORPORATION. PROCEEDS OF THIS GRANT MAY BE INVESTED ACCORDING TO THE NORWALK ECONOMIC DEVELOPMENT CORPORATION'S INVESTMENT GUIDELINES FOR EXPENDITURES OF THESE FUNDS AND RELATED INVESTMENT PROCEEDS ARE RESTRICTED AS SET FORTH IN THE FUNDING AGREEMENT AND CANNOT BE UTILIZED IN ANY OTHER MANNER WITHOUT THE DIRECT AUTHORIZATION OF THE NORWALK REDEVELOPMENT AGENCY.**

**** MR. NAPOLETANO SECONDED THE MOTION.
** THE MOTION PASSED UNANIMOUSLY.**

Mr. Albanese said he is very excited about this new venture they are undertaking. He is sure they will have many challenges and is confident that they will all stand up and be counted.

ADJOURNMENT

There being no further Old or New Business, upon motion duly made by Mr. Napoletano, seconded by Mr. Serrano, the Norwalk Redevelopment Agency meeting was adjourned at 7:22 P.M.

Respectfully submitted,

Karen Pacchiana