CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
AUGUST 10, 2010

ATTENDANCE:	Emil Albanese, Chairman; Commissioners Felix Serrano, Randy Napoletano, Lisa Cooper and Lori Torrano
AGENCY COUNSEL:	Anthony DePanfilis, Esq., Marc J. Grenier, Esq.
STAFF:	Timothy T. Sheehan, Executive Director, Munro W. Johnson, Sr. Development Project Manager, Susan Sweitzer, Sr. Project Manager and John Slovak, NRA Comptroller
OTHERS:	Karen Meyers, Esq., Cummings & Lockwood, LLP; Douglas E. Hempstead, Planning Committee Chairman

CALL TO ORDER

The Regular Meeting was called to order at 6:03 P.M by Chairman Albanese.

ROLL CALL

Mr. Albanese called the roll. All Commissioners were present.

PUBLIC PARTICIPATION

Chairman Albanese opened the meeting for public participation. No one commented.

APPROVAL OF MINUTES – July 14, 2010, Regular Meeting

** **MR. NAPOLETANO MOVED TO APPROVE THE MINUTES OF THE JULY 14, 2010 REGULAR REDEVELOPMENT AGENCY MEETING.**
** **MR. SERRANO SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

I. FINANCE

1. NRA Operating Statement for April 30, 2010
2. NRA Operating Statement for May 31, 2010
3. NRA Year to Date Operating Statement for June 30, 2010

4. NRA Quarterly YTD Profit and Loss Statements and Balance Sheets for All Funds for the Fiscal Year Ending June 30, 2010

Mr. Slovak reported on the financial statements for fiscal year ending June 30, 2010 as follows:

Total revenues including interest income and miscellaneous revenues for Fiscal Year Ending June 30, 2010 for Norwalk Redevelopment Agency are $1,733,329.

NRA Project Expenses totaling $136,731 represent half of the cost of services provided by NEDC employees for City Capital projects.

NRA Program Expenses totaling $770,448 include six months of NEDC services provided for CDBG, DECD and City Services.

Total Expenditures are $5,838,812 for Fiscal Year Ending June 30, 2010 for Norwalk Redevelopment Agency. The largest expenditure is a $4,000,000 grant to NEDC.

The NRA Net Operating Deficit for 12 months is ($4,105,483). This deficit includes the $4,000,000 grant to NEDC, and $105,483 in expenses paid for services provided by NEDC employees to Norwalk Redevelopment Agency for management of City economic development projects.

The ($105,483) NRA operating deficit was offset by a NEDC operating surplus of $123,482. This results in a combined NRA and NEDC operating surplus of $17,999 for Fiscal Year Ending June 30, 2010.

In terms of the balance sheet, there is approximately $5,000,000 in cash and money markets. Also included are the comparative P&Ls and Balance Sheets for Fund 100, 115, 200, 300, and 500.

** **MR. SERRANO MOVED TO ACCEPT THE FINANCIAL REPORT AS PRESENTED.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II. BUSINESS

A. **<u>Norwalk Economic Development Corporation</u>**

1. Review and discuss the formulation of the Norwalk Economic Development Corporation.
2. Consideration of modifying the Tri-party Agreement between the Redevelopment Agency, North Walke and the Norwalk Economic Development Corporation and related actions concerning the grant agreement between the Norwalk Redevelopment Agency and the Norwalk Economic Development Corporation.

Chairman Albanese asked Mr. Sheehan to give a short history of how the Agency formed the NEDC.

Mr. Sheehan explained that the formulation of the NEDC was in response to a decrease in governmental support at all levels of government. The Commissioner of DECD indicated that it would no longer be providing operational support associated with its grants, and combined with declining revenues in Community Development Block Grant resources, as well as other areas of government funding, such as EPA, the Agency was looking at potential revenue shortfalls of up to $400,000 annually, which shortfalls the Agency had not seen in well over nine years.

The Agency did not want to be in a situation where it was ultimately taking resources out of the NRA to expend on economic development projects and be the only contributor on the operational side, so the purpose of forming the NEDC was to have those costs shared with all of the parties that utilize the services of the Agency both public and private. The NEDC brings forward a host of funding resources that are not available to the Redevelopment Agency as a governmental entity. Private grants and foundations do not support governmental entities, but they do support nonprofits, so the NEDC was a way for the Agency to be more creative in dealing with the budgetary gaps by looking into additional resources that the Redevelopment Agency could not apply for, and go after those resources through the NEDC.

In response to a question by Ms. Torrano, Mr. Sheehan said there was never any intent in taking the employees away from the City and stopping services that the NRA has always provided to the City of Norwalk. All of the services that the NRA has normally provided would be provided by the NRA, which would contract for the services via the NEDC. Transferring the employees was a means by which the employees could participate in other work that would be outside of the governmental sector. Ultimately, the relationship between the NRA and the NEDC is a contractual relationship from a subsidiary to a parent basically providing services back to the NRA in exchange for payment to the NEDC.

Mr. Sheehan said consideration of the NEDC was years in the making, and before the Redevelopment Agency considered establishing the NEDC, there were numerous discussions with City leadership and with the City's finance director about how the Agency was going to continue to maintain ongoing operational support when there was nothing coming in from the state or federal government to support those operations, and while the assets of the Agency are not insignificant, it cannot go on indefinitely experiencing a potential deficit every year of $400,000 or more.

Chairman Albanese introduced Karen Meyers, Esq. of Cummings and Lockwood, and asked her to summarize her work with regard to the NRA and NEDC.

Ms. Meyers said she first began discussions with Mr. Sheehan in January or February of 2009, which was shortly after the stock market issues, and they talked about the structure of the entity. It was decided to form it as Connecticut non-stock corporation, which is how charities are usually formed. The Agency was made the sole member, which under the non-stock corporation laws meant the corporation was a wholly owned subsidiary of the Agency. As such, the Agency has control over the bylaws and who is on the board, as well as approval of any funds expended that are out of the ordinary course of business. The other benefit of forming it as a non-stock corporation is that the Agency could apply for a tax exempt status with the IRS, which permits the NEDC to apply for grants and have access to other charitable contributions that may not be available to the Agency. Because it is a wholly owned subsidiary, the rules that govern the NRA basically govern the NEDC from the City's standpoint. The Agency employees were not paid by the City, but rather the Agency supported its own employees. Likewise, the benefits and pension plan for the Agency employees were all supplied by the Agency.

Mr. Sheehan noted that the City of Norwalk does provide funding to the Redevelopment Agency for services directly related to the Fair Housing Officer, the Housing Site Development, the City's Marketing and Business Development Director and the Mayor's Neighborhood Improvement Coordinator, and although that funding covers a significant portion of the costs of those services, the responsibility of the employees rests solely with the Redevelopment Agency.

Ms. Meyers said the transfer of money was a grant from the Agency to the NEDC and the grant agreement specified that it had to be for economic development purposes. In order to move those funds out of the NEDC for anything other than an ordinary course expenditure, the Agency, as the member, had to approve that.

She said Attorney Maslan raised some issues in a memo to the Mayor in July 2009, and she responded in writing to those issues. As she did not get a response back from Attorney Maslan, she assumed he was okay with their position.

Mr. Sheehan noted that there were a few meetings in which the Mayor and corporation counsel participated. The discussion was basically to get an understanding of the receptiveness on the part of the chief elected officer of the City and corporation counsel as to what their thoughts were with regard to the whole concept of the NEDC.

Mr. Albanese noted that the Mayor's office was engaged during the conceptual stage and throughout the process, and there are emails and informal notes to that effect.

Ms. Meyers said their position was that this was an internal shifting of employees within an Agency and was not changing anything at the City level, and based on both the history of the Agency and on what she read in a section of the City code, her opinion was that it was not necessary to have Attorney Maslan approve the transfer, although she was happy to talk to him about it if he had continuing concerns.

Ms. Torrano asked what happened after Attorney Meyers forwarded her letter and didn't hear back from Attorney Maslan; did they have any other formal communication with the

Mayor's office or corporation counsel or were they of the opinion that they were on solid ground and went ahead with the funding of the NEDC?

Mr. Grenier said after they did not get a response to Attorney Meyers' July 10th, 2009 letter to Attorney Maslan, there was eventually a vote on going forward with the NEDC and ultimately funding it and executing a grant agreement between the Agency and the NEDC. The transfer then took place and the work started. It was a question of implementation, and the implementation was a carefully drawn up process to make sure everyone, including the Mayor and the Commissioners, was comfortable at least going forward.

Mr. Sheehan said there was one step to formulate the entity, then there was another step six months later in terms of moving the employees and funding it, and there was serious cautiousness on the part of all of the Commissioners to make sure that the leadership of the City was comfortable with it, and obviously that took time and there were discussions on that.

Ms. Torrano said the NEDC is an issue that erupted back in June, and the Commission is at a juncture where there are a lot of questions about what was done and why. This is the first time the Commission has talked about it in this level of detail, and she would like to get the record clear with respect to why the Commission did what it did in order to clear up any misunderstandings that might have developed. She said she thinks there is a lot of merit to the NEDC and she is very excited about the possibility of utilizing it as a tool for making up revenue that they have enjoyed for all the years, but can't get now. She said in looking back over the public record to try to figure out who knew what and how did the genesis of this develop, there really is not much for anyone to rely on.

Mr. Napoletano said he feels that the Agency and Commission did its due diligence in notifying the appropriate areas and bodies of the City. It was a process that took time, and there was specific discussion as to forming the organization and funding it. Perhaps there should have been a more formal discussion, but he thinks that the Commission appropriately reached out to the people they needed to, and they did not hear back and he was comfortable with doing what they did at that point. Because the process did not happen over night, there was plenty of time for other interaction to take place if there were concerns that this wasn't the appropriate action for the Commissioners to take from the City's standpoint, and that didn't happen.

Ms. Torrano said by no means does she mean to imply that there was any hastiness or any lack of due diligence, but she thinks in hindsight there should have been more public discussion about it, which is one of the concerns that has been expressed.

Mr. Albanese noted that the Commission formed the corporation last summer, but did not fund it until January, so the City had a lot of time to reflect on it. He thanked everyone for coming, and said it is great to begin a dialogue such as they are doing now. A lot has happened in the past three months, and as Chairman he has learned a lot from it. Going forward it is something that will benefit him and how he interacts with his fellow Commissioners, the public and their counsel, and that will be something they can do altogether and collaboratively. He thinks what is happening is healthy and something that everybody should look at as a win.

Mr. Napoletano said in thinking back over the last year, he cannot remember anyone speaking for or against what the Commission was presenting with regard to the NEDC. As someone new to the City processes, he looks to public input to gauge where they are going, but having received none specifically to the NEDC, it is hard to judge how the public is faring on this. He pointed out that the NEDC is on the agenda for that night's meeting, and there is no public participation.

Ms. Torrano said conceptually she thinks the NEDC is a great idea, but going forward she thinks the Commission needs to have a refresher on why it goes into executive session to make sure that it utilizes it properly, and leaves enough in the public record to show that the issue was discussed.

Mr. Albanese said there are several courses of action the Commission could take; it could do nothing and leave the corporation as it is, it could dissolve the corporation, or do something in the middle, such as have the corporation operating but operating without employees and without significant funds. He called for a motion on the proposed Tri-party Agreement prepared by Attorney Meyers.

Ms. Meyers explained that there was a three party agreement when the NEDC was funded and the employees were moved over, and the agreement the Commission would be approving basically is undoing everything in terms of the employees and the property, which is one piece of the agreement. The other piece deals with the grant agreement from the Agency to the NEDC, and that would be reversed so that the grant agreement is moved back from the NEDC to the Agency. The liabilities of the NEDC are also transferred, and then there is a general authorization that all of the officers of the Agency can do anything that effectuates those resolutions.

Mr. Grenier pointed out that they are not unwinding the corporation. Essentially it is staying as a non profit, so everything stays the same other than transferring the employees back, to address some concerns that the Common Council had. Obviously, the funding is being transferred, as they need the money in order to pay the employees.

Ms. Torrano asked if the hope was to reconstitute the NEDC at some point. Mr. Grenier said the response they have gotten back from the Planning Committee is that they would like to be part of the process and they would like to continue to work collaboratively. There are other issues that the Common Council wants to take up in regards to streamlining the approval process for projects going forward, but he thinks the dialogue will continue.

Mr. Albanese said it is his intention to have their business open to the public. They look forward to beginning collaborative conversation and dialogue with the Mayor's Office and the Common Council to see how, if and when they can possibly best serve the City for the greater good of Norwalk.

*** MR. SERRANO READ THE PROPOSAL AS FOLLOWS: THE PROPOSED RESOLUTIONS OF THE COMMISSIONERS OF THE NORWALK REDEVELOPMENT AGENCY, AUGUST 10, 2010, WHEREAS AFTER CAREFUL CONSIDERATION AND CLOSE CONSULTATION WITH LEGAL COUNSEL, THE COMMISSIONERS OF THE NORWALK REDEVELOPMENT AGENCY, (THE "AGENCY") DETERMINED IN JULY 2009 THAT IT WOULD BE IN THE BEST INTERESTS OF THE AGENCY TO FORM THE NORWALK ECONOMIC DEVELOPMENT CORPORATION TO FURTHER THE ECONOMIC DEVELOPMENT PURPOSES OF THE AGENCY.

WHEREAS THE AGENCY CAUSED THE NEDC TO BE FORMED;

WHEREAS THE NORWALK COMMON COUNCIL HAS EXPRESSED CONCERN ABOUT THE TRANSFER OF EMPLOYEES AND CERTAIN ASSETS FROM THE AGENCY TO THE NEDC;

WHEREAS THE AGENCY WISHES TO RELIEVE THE CONCERNS OF THE COMMON COUNCIL TO ENSURE THAT THE COMMON COUNCIL AND THE AGENCY CAN CONTINUE TO WORK TOGETHER TO ADVANCE THE ECONOMIC AND COMMUNITY DEVELOPMENT OF NORWALK; AND

WHEREAS THE AGENCY BELIEVES THAT DISCUSSIONS WITH THESE PARTIES WILL PROCEED MOST EFFECTIVELY IF CERTAIN ACTIONS ARE TAKEN WITH RESPECT TO THE NEDC.

IN VIEW OF THE FOREGOING, THE COMMISSION HEREBY PASSES THE FOLLOWING RESOLUTIONS:

EMPLOYEES, LIABILITIES AND OBLIGATIONS. RESOLVED THAT ALL OF THE EMPLOYEES OF THE NEDC SHALL BE TRANSFERRED TO THE AGENCY WITHIN FIFTEEN DAYS FOLLOWING THE DATE OF THIS RESOLUTION AND SHALL THEREAFTER BE AGENCY EMPLOYEES; AND

RESOLVED THAT ALL OF THE LIABILITIES AND OBLIGATIONS OF THE NEDC SHALL BE ASSIGNED TO AND ASSUMED BY THE AGENCY.

SERVICES, OTHER PROPERTY. RESOLVED THAT FOLLOWING THE TRANSFER OF EMPLOYEES DESCRIBED ABOVE, SERVICES TO BE PERFORMED FOR NORTH WALKE

HOUSING CORPORATION ("NORTH WALKE"), NEDC AND THE AGENCY WILL BE PERFORMED BY EMPLOYEES OF THE AGENCY;

RESOLVED THAT EXCEPT AS OTHERWISE PROVIDED IN THESE RESOLUTIONS, ALL PROPERTY OF THE NEDC SHALL BE TRANSFERRED TO THE AGENCY; AND

RESOLVED THAT THE AGREEMENT AMONG NORTH WALKE, NEDC AND THE AGENCY ATTACHED HERETO AS EXHIBIT A WHICH PROVIDES FOR THE TRANSFER OF NEDC EMPLOYEES AND PROPERTY TO THE AGENCY AND THE CHANGE TO PERFORMANCE OF SERVICES DESCRIBED ABOVE IS HEREBY APPROVED.

FUNDS AND OTHER PROPERTY. RESOLVED THAT ALL OF THE FUNDS IN THE ACCOUNT OF THE NEDC OTHER THAN $25,000 BE RETURNED TO THE AGENCY TO BE HELD AND USED SOLELY FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE REDEVELOPMENT AREAS OF THE CITY OF NORWALK;

RESOLVED THAT THE LETTER AGREEMENT IN THE FORM OF EXHIBIT B HERETO PURSUANT TO WHICH THE NEDC SHALL GRANT $4,040,989.42 TO THE AGENCY IS HEREBY APPROVED.

GENERAL. RESOLVED THAT THE PROPER OFFICERS OF THE AGENCY SHALL BE AND EACH OF THEM HEREBY IS AUTHORIZED, EMPOWERED AND DIRECTED TO TAKE ANY AND ALL SUCH FURTHER ACTION TO PREPARE, EXECUTE, DELIVER AND FILE ALL SUCH OTHER AGREEMENTS, INSTRUMENTS AND DOCUMENTS AND TO DO ALL SUCH FURTHER THINGS IN THE NAME AND ON BEHALF OF THE AGENCY TO PAY ALL SUCH OTHER FEES, EXPENSES AND TAXES AS IN THEIR JUDGMENT WILL BE NECESSARY OR ADVISABLE IN ORDER TO FULLY CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY AND CARRY OUT THE INTENT AND PURPOSES OF THESE RESOLUTIONS.

*** **MS. TORRANO SECONDED.**

*** **THE MOTION PASSED UNANIMOUSLY**

Council President Hempstead thanked the Chairman. He said he looks forward to working together on developing a plan that is best for Norwalk, and they have his full pledge publicly that they are there to work together. He knows there has been some difference of opinions, and he wants to thank the Commission for putting this together, which he thinks will give them the effort and ability to work together versus working against one another.

Mr. Albanese thanked Council President Hempstead for his comments.

B. Washington – South Main Street Improvement Area II

1. Agreement between North Water Street LLC and the Redevelopment Agency for the installation of temporary street lighting at 20 North Water Street

Ms. Sweitzer said the item is in response to concerns that have been evident for some time regarding the vacancy of the Norwalk Company Building and the discomfort it has created for those trying to walk between the Maritime Garage and Washington Street. In response to that concern, the Agency is proposing to purchase and install eight wall mounted bracket lights so as to better illuminate the sidewalk and create lighting for the historic façade of the building. In the packets is an agreement with the existing property owner, North Water LLC, for the installation of the lights and the maintenance thereof. There is a proposal from Eleck & Salvato for the purchase and installation of electrical services to serve the lighting, as there is no electric service to the existing building, and a Service Provider Insurance Agreement which will provide the property owner with protection from the actions of their contractor. She said the light fixtures will be owned by the Agency and, because they are temporary, can be moved and installed elsewhere in the likely event that the building is redeveloped.

Mr. Sheehan noted that there is a public safety issue, as well as a perception issue. Walking from the Maritime Garage down to Washington Street at night is very intimidating. The building owner does not have a responsibility to provide lighting. That is a public function, and he thinks the proposal is a way to get the lighting installed and is a good investment on the part of the Agency.

*** **MS. TORRANO MOVED TO AUTHORIZE TIMOTHY T. SHEEHAN, EXECUTIVE DIRECTOR, TO EXECUTE ALL DOCUMENTS NECESSARY TO COMPLETE THE INSTALLATION OF THE EIGHT HISTORIC LIGHT FIXTURES AT 20 NORTH WATER STREET.**

*** **MR. NAPOLETANO SECONDED.**

*** **THE MOTION PASSED UNANIMOUSLY.**

C. West Avenue Corridor Redevelopment Plan Area

1. Application to HUD for a Community Challenge Planning Grant in the amount of $1 Million

Ms. Sweitzer said the Agency has been invited to participate in a collaborative application through HUD and the Department of Transportation in their Community Challenge Planning Grant program for localized planning. Their partnership in this grant would be Stepping Stones Museum for Children, Seligson Properties and the Norwalk Housing Authority. The Agency is seeking the funds to assure project designs that permit greater physical access and visual access among the project areas which offer employment centers, educational resources and housing options. The grant is a new partnership for Sustainable Communities in collaboration between HUD and the Department of Transportation. The grant request is in the amount of $1 million and Stepping Stones is putting up $300,000 as the community match. The grant request is due August 23rd.

*** **MS. COOPER MOVED TO APPROVE THE SUBMISSION OF THE HUD COMMUNITY CHALLENGE PLANNING GRANT APPLICATION AND AUTHORIZE TIMOTHY T. SHEEHAN, EXECUTIVE DIRECTOR, TO EXECUTE ALL DOCUMENTS REQUIRED FOR THE APPLICATION SUBMISSION.**

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

D. <u>Connectivity</u>

1. Authorization to apply for federal TIGER grant in the amount of $15.6 Million for the urban circulator

Mr. Johnson said the TIGER grant, which stands for Transportation Investments Generating Economic Recovery, is a grant opportunity for federal money for infrastructure investments. The grant became available in June and is due in August, so there is a very short window, but because there is a lot of money on the table, the Agency made the decision to try to put something together. This was motivated by the Connectivity initiative, which has been very active in the community and generating a lot of good ideas for how to situate its development agenda.

The development agenda is subject to a huge economic transformation that is underway, but one which, if it comes to pass, will double the volume of development in the downtown between the "Wheels" HUB in the north and the South Norwalk Rail Station in the south. Those two transit hubs were developed separately two miles apart over the course of time to the inconvenience of anyone who needs to use both. That issue is being looked at in the course of the Connectivity initiative as to whether there needs to be better connection between "Wheels" and the South Norwalk Rail Station.

Toward that end there has been some active discussions about a circulator, which is a high frequency transit vehicle that would bounce back and forth between the northern transit hub and southern transit hub hitting the major developments along the way, and in the process, convert the parking facilities associated with the transit hubs into a more multi modal and welcoming environment to promote connectivity.

Mr. Sheehan said the demand today is extremely limited, but the dollars on the federal government side as part of a stimulus are here today, and it is probably not going to be there when the economy turns around and the projects begin to go into the ground. The funds are highly competitive and chances of success are a long shot, but he thinks the Commissioners would agree that if you are living in Wall Street, you shouldn't have to get in your car to go out to dinner in South Norwalk. You should be able to jump on this type of a circulator and be in South Norwalk in five minutes.

Mr. Albanese noted that young professionals living in Avalon that need to get to the South Norwalk Train Station either have to drive or take the bus, which is not usually that accessible, so the circulator would be a benefit to them.

Ms. Torrano said she thinks it is a great idea and thanked Mr. Johnson for his presentation. .

*** **MR. SERRANO MOVED TO (1) AUTHORIZE STAFF TO APPLY FOR TIGER II DISCRETIONARY GRANTS UNDER THE TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION ACT FOR 2010, AND (2) AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN SUCH FORMS AS ARE NECESSARY TO SUBMIT THE APPLICATION.**

*** **MS. TORRANO SECONDED.**

*** **THE MOTION PASSED UNANIMOUSLY.**

IV NEW BUSINESS
(None.)

V. OLD BUSINESS
(None.)

ADJOURNMENT

There being no further Old or New Business, upon motion by Mr. Napoletano, seconded by Ms. Cooper, the Norwalk Redevelopment Agency meeting was adjourned at 7:18 P.M.

Respectfully submitted,

Karen Pacchiana