CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
OCTOBER 8, 2019

ATTENDANCE:	Felix R. Serrano, Chairman, Commissioners Lisa Cooper, Tom Devine, William Speirs and David Westmoreland
AGENCY COUNSEL:	Marc Grenier, Esq.
STAFF:	Tami Strauss, Acting Executive Director; John Slovak, Comptroller; Stephen Ivan, Housing Development Manager; Lori Guttman, Director of Community Development Planning
OTHERS:	Tom Ivers, Norwalk Housing Authority CNI Director; Michael Lozano, Trinity Financial; Paul Zullo, Silver Creative Group

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the Norwalk Redevelopment Agency of October 8, 2019 to order at 5:36 PM.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
There was no one present from the public who wished to comment.

I-A. <u>APPROVAL OF MINUTES</u>
** **MR. DEVINE MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 10, 2019 REGULAR MEETING.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION TO APPROVE THE MINUTES PASSED (4-0) WITH ONE ABSTENTION (MS. COOPER).**

I-B. <u>FINANCE</u>

1. Approve NRA Operating Statement of Revenue and Expenditures for August 31, 2019

Mr. Slovak reported on the Operating Statement of Revenues and Expenditures for August 31, 2019 as follows:

- Operating Fund 100 had revenues of $237,007 versus budgeted revenues of $247,961 with an unfavorable variance of $10,954.
- The Legal fees line item for Wall Street Litigation were $32,615 versus a budget of $3,214 resulting in a $29,400 unfavorable variance. The Consultants/Contracted Services line item budget is only $3,689 for the fiscal year ending 6/30/20 which did not include the $27,000 contract subsequently signed for an unanticipated executive director search. Actual salaries were $123,785 versus a YTD Budget of $157,025 resulting in a $33,241 favorable salary variance which will be used when the open CDBG Program Manager Position is filled in September and the open Executive

Director is filled in the near future. Total taxes and benefits shows a favorable operating variance of $6,130 which will be used when the open Executive Director and open CDBG Program Manager Positions are filled. Operating Fund 100 had total actual expenditures of $230,427 versus budgeted total operating expenditures of $253,777 resulting in a $23,350 favorable operating variance.

- There is an actual operating surplus of $6,580 versus a budgeted operating deficit of $5,816 resulting in a $12,396 favorable net operating variance.

** **MS. COOPER MOVED TO APPROVE THE NRA OPERATING STATEMENT OF REVENUE AND EXPENDITURES FOR AUGUST 31, 2019 AS PRESENTED.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

Mr. Westmoreland joined the meeting at 5:45pm

II. CDBG ADMINISTRATION AGREEMENT

1. Ratify extension agreement with City of Norwalk and Norwalk Redevelopment Agency dated October 1, 2019 for the administration of the Community Development Block Grant (CDBG) Program.

Ms. Strauss said the Redevelopment Agency is in its 45th year of administering the Community Development Block Grant Program on behalf of the City. In 2008 HUD requested that the Agency and the City enter into a formal agreement whereby the City designates the Agency as the responsible entity of the program. Such an agreement was approved in March of 2009 and the Agency has continued to administer the program flawlessly since then. A renewed 5-year contract was approved by the Common Council in March of 2019 to cover the period from July 1st 2019 to June 30, 2024, and the Mayor was requested to sign it, as he always has in the past. The Agency has never signed it, so he asked us to take action to agree to be the responsible entity of the CDBG program. As documents were due to HUD by September 30th and in order to keep the program moving and not put any of our funding in jeopardy, Agency counsel requested that the Chairman sign the contract, and we are asking the Commissioners to ratify the extension agreement with the City of Norwalk and the Agency for the administration of the program.

** **MR. DEVINE MOVED TO RATIFY THE EXTENSION AGREEMENT WITH THE CITY OF NORWALK AND NORWALK REDEVELOPMENT AGENCY FOR THE ADMINISTRATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. CHOICE NEIGHBORHOODS

1. Approve the proposed Loan Terms and stated conditions for the Soundview Landing Phase III project.
2. Approve Agency Counsel to develop a promissory note and Conditional Assignment of Note and Mortgage for Soundview Landing Phase III loan to the Norwalk Housing Authority
3. Approve Chairman to execute loan documents on behalf of the Norwalk Redevelopment Agency

Ms. Strauss said the Redevelopment Agency is the co-sponsor with the Norwalk Housing Authority of the Choice Neighborhoods Implementation Grant which launched the redevelopment of Washington Village, now Soundview Landing. Phase I on the corner of Hanford and Day Streets is complete, Phase II on Day and Raymond Streets is under construction, and Trinity and the NHA are getting ready to close on Phase III on the current site of Washington Village.

Last year the Agency made a $1M loan to the Phase II project, and $200,000 was disbursed to the NHA and subsequently to the project, with the Agency retaining $60,000 for prepaid interest and a commitment fee. The remaining principal balance of $800,000 is due the NHA upon Certificate of Occupancy, which is anticipated in spring 2020, and a disbursement of $600,000 is anticipated in July 2020 and the remaining $200,000 in December 2020. The Agency will receive prepaid interest of 5% at the time of the disbursements ($150,000 in July and $50,000 in December). The Phase II loan was structured so that beginning July 2020, the anticipated annual affordable housing capital budget grant that we have gotten from the city for the last 14 or 15 years in the amount of $250,000 per year would be the source of repayment, reducing NHA's obligation by $250,000 per year.

In spring 2019 CHFA awarded Low Income Housing Tax Credits worth over $30M to Trinity, but as of August 2019 the Phase III project had a financing gap of $9M. Trinity anticipated requesting a $1.5M loan from the Redevelopment Agency to help fill the funding gap, and Agency staff worked closely with Trinity, the NHA and the CT DOH to close the gap and narrow the request of the Agency, and at this time Trinity is seeking a commitment from the Agency of $650,000 as part of the capital stack for Building D. The total development cost for Building D is $35.3M. A 1% commitment fee will be paid at the time of closing, prepaid interest of 5% over 5 years would also be prepaid at the time of closing ($162,500), the term of the loan would be 40 years payable from available cash flow after other obligations are paid, and Principal and interest payments at the rate of 1% would be made years 6 through 40. The closing date is November 15, 2019. The Agency and Trinity will work out when the first disbursement payment needs to be made, and the last disbursement is to be made April 2021.

If and when affordable housing capital budget funds are awarded in July 2020 and beyond, the loan may be restructured to utilize the funds as a source of payment. We may also have the opportunity to restructure the loan if the NHA successfully applies for CDBG funds to construct the playground as part of the Phase III development budget, which is a $350,000 expense. The timeline for the Agency's consideration of the financing is limited. The project itself has an anticipated closing and construction start in fall of 2019 and a construction completion date of spring 2021.

Mr. Westmoreland asked if in years 6 through 40, the payments are only required if there is cash available?

Mr. Lozano said there is positive cash flow after year four, and then according to our partnership agreement with the Low Income Housing Tax Credits investor, certain obligations have to be paid first, such as loans made to the project from the general partner, the deferred developer fee, and then there's the net cash flow after those items, and we have 40 years to show that all of the debt can be paid either through the net cash flow or from a refinance or the sale of the property. The DOH would get the first 36%, the NHA gets 29.5%, the Agency gets 5%, and Trinity gets 29.5% until the obligations are paid off, and if there is any balance still remaining at year 40 when the loan matures, you would have to pay off that entire balance. We are hopeful to close and start construction in mid-November, possibly December, but in no case would we go beyond that. We need the loan documents executed, but we do not need to draw on any of the funds until much later, and we're happy to work with staff to come up with a flexible disbursement schedule. We are able to pay off all of the prepaid interest right away with other funds, so we are committing to pay to the Agency the full $162,500 in prepaid interest regardless of when you actually draw the funds.

Chairman Serrano said he just wants to be clear that we are getting the $162,500 even though they didn't draw. Mr. Lozano said they can write the document to say that we are agreeing to pay the $162,500, whether it is prepaid interest or another fee. Ms. Strauss said so instead of saying prepaid at the time of closing, it is prepaid at the time of the first disbursement. Mr. Lozano said prepaid pro rata with disbursements.

Attorney Grenier said so the proposed motion should read $650,000 maximum loan, 1% commitment fee to be payable at closing, interest would be 5% per annum on so much of the loan as shall be advanced from time to time during the first five years of the term, thereafter the interest rate will be 1% for the remainder of the term, the term would be 40 years maturity date, payments after year five would be principal and interest payments at 1% based upon an after cash flow analysis. He thinks that would cover enough to get the paperwork drafted up and forwarded. So other than the prepaid interest part, it is not much different from what is written in the memo.

** **MS. COOPER MOVED TO APPROVE THE PROPOSED MOTION AS PRESENTED BY AGENCY COUNSEL.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

** **MR. SPEIRS MOVED TO APPROVE AGENCY COUNSEL TO DEVELOP A PROMISSORY NOTE AND CONDITIONAL ASSIGNMENT OF NOTE AND MORTGAGE FOR SOUNDVIEW LANDING PHASE III LOAN TO THE NORWALK HOUSING AUTHORITY.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

** **MR. SPEIRS MOVED TO APPROVE THE CHAIRMAN TO EXECUTE LOAN DOCUMENTS ON BEHALF OF NORWALK REDEVELOPMENT AGENCY.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

IV. MICROTRANSIT / WHEELS 2U

1. Approve the Wheels2U Marketing and Communications at the SoNo Collection Contract with Silver Creative Group in an amount not to exceed $13,000 from Fund 115 (GGP Circulator).

Ms. Strauss said in 2018 the Agency approved a marketing budget of $170,000 for the Microtransit Pilot Program, called Wheels2U, which ends this December. The funds were allocated from a payment that GGP made to the Redevelopment Agency of about $550,000 that was required as part of the LDA. Based on the success of the marketing program, Brookfield Properties and the Norwalk Transit District have agreed to continue the service with the Transit District managing the operations with input from Agency and City staff on marketing, hours of operation, and the service boundaries with plans to test additional hours and boundaries in the future.

Paul Zullo of Silver Creative developed the material for the marketing program and worked with Brookfield Properties to come up with a Wheels2U marketing plan in the mall that includes incorporating Wheels2U information into tenants' "Welcome Packets"; team participating in tenant meetings; onsite activation booth at the opening and at the November grand opening; a 15 second ad spot on the 9 digital screens located throughout the mall for a period of 12 months; door clings on 83 doors throughout the mall that will go from October to December 2019; and additional production materials as needed for a cost of $13,000 to promote Wheels2U within the mall for the next three to six months.

Mr. Speirs said Norwalk Transit obviously operates the buses, but is Brookfield Properties paying for the operation? Ms. Strauss said in addition to the marketing costs, we are subsidizing $2 a ride out of this fund and the Transit District is paying the rest. Once more people start using the service and it becomes more popular, we can expand the service and look at starting to charge people. Mr. Zullo said this new app allows for couponing and payments, which the other app didn't, and the promo code is really important from a marketing standpoint.

** **MR. WESTMORELAND MOVED TO APPROVE THE WHEELS2U MARKETING AND COMMUNICATIONS PLAN AT THE SONO COLLECTION AND AUTHORIZE THE CHAIRMAN TO ENTER INTO A CONTRACT WITH SILVER CREATIVE GROUP FOR AN AMOUNT NOT TO EXCEED $13,000 FROM FUND 115 (GGP CIRCULATOR).**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

V. CDBG RESIDENTIAL REHABILITATION LOAN PROGRAM

1. Approve proposed amendments to the Residential Rehabilitation Loan Program Guidelines

Mr. Ivan said at a previous Agency meeting we had presented guideline modifications for the emergency section of our rehab work, but it was tabled due to some language changes in the guidelines. The updated guidelines that we are presenting today reflect the original language with the added change of allowing for the Loan Committee to approve emergency repairs costing between $25,000 and $75,000, which gives the Loan Committee more power in an extreme emergency situation so we don't have a $40,000 bill come in that would need Agency approval one day after the Agency meeting happens.

** **MR. SPEIRS MOVED TO APPROVE THE MODIFICATIONS AS PRESENTED TO THE RESIDENTIAL REHABILITATION PROGRAM'S GUIDELINES.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

VI. EXECUTIVE SESSION

A. Discussion related to T. Carney personnel claim
B. Personnel matters

** **MS. COOPER MOVED TO GO INTO EXECUTIVE SESSION FOR DISCUSSION RELATED TO T. CARNEY PERSONNEL CLAIM AND OTHER PERSONNEL MATTERS AT 6:20 PM.**
** **MR. SPEIRS SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

** **MR. SPEIRS MOVED TO COME OUT OF EXECUTIVE SESSION AT 7:25 PM.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

VII. Authorization to settle T. Carney personnel claim

** **MR. DEVINE MOVED TO AUTHORIZE TO SETTLE T. CARNEY PERSONNEL CLAIM AS DISCUSSED.**
** **MR. SPEIRS SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

VIII. NEW BUSINESS
(None.)

IX. OLD BUSINESS
(None.)

ADJOURNMENT
Upon motion of Ms. Cooper, the Norwalk Redevelopment Agency regular meeting of October 8, 2019 was adjourned at 7:26 P.M.

Respectfully submitted,
Karen Pacchiana