CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
AUGUST 13, 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, Susan Sweitzer, Senior Project Manager; Stephen Ivan, Housing Development Manager

OTHERS: Steve Cecil, Harriman, Members of the Press

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the Norwalk Redevelopment Agency of August 13, 2019 to order at 5:30 PM.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
There was no one present from the public that wished to comment at this time.

I. LEGAL – EXECUTIVE SESSION

**** MR. SPEIRS MOVED TO GO INTO EXECUTIVE SESSION AT 5:31 PM TO HAVE DISCUSSION WITH ATTORNEYS DONALD GUSTAFSON AND CAROLYN CAVOLO REGARDING REAL ESTATE NEGOTIATIONS AS IT RELATES TO THE LAND DISPOSITION AGREEMENT BETWEEN THE CITY OF NORWALK, THE REDEVELOPMENT AGENCY OF THE CITY OF NORWALK AND POKO-IWSR DEVELOPERS, LLC, DATED NOVEMBER 14, 2007, AS AMENDED, AND THE CONDITIONAL AGREEMENT BY AND BETWEEN THE CITY, THE AGENCY AND POKO DATED JULY 27, 2015 AND AS IT RELATES TO THE LOAN RECOGNITION AGREEMENT BY POKO-IWSR DEVELOPERS, LLC, THE CITY AND AGENCY, CITIBANK, N.A., STATE OF CT DEPARTMENT OF HOUSING, STATE OF CT DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT, NATIONAL EQUITY FUND, INC., MC CREDIT, LLC, IWSR OWNERS, LLC AND ILSR OWNERS, LLC, DATED NOVEMBER 14, 2017, AS AMENDED.**
** MR.WESTMORELANDSECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

(EXECUTIVE SESSION 5:31 PM TO 6:30 PM.)

** **MR. DEVINE MOVED TO COME OUT OF EXECUTIVE SESSION AT 6:30 PM FROM DISCUSSION WITH AGENCY SPECIAL COUNSEL REGARDING REAL ESTATE NEGOTIATIONS AS IT RELATES TO THE LAND DISPOSITION AGREEMENT BETWEEN THE CITY OF NORWALK, THE REDEVELOPMENT AGENCY OF THE CITY OF NORWALK AND POKO-IWSR DEVELOPERS, LLC, DATED NOVEMBER 14, 2007, AS AMENDED, AND THE CONDITIONAL AGREEMENT BY AND BETWEEN THE CITY, THE AGENCY AND POKO DATED JULY 27, 2015 AND AS IT RELATES TO THE LOAN RECOGNITION AGREEMENT BY POKO-IWSR DEVELOPERS, LLC, THE CITY AND AGENCY, CITIBANK, N.A., STATE OF CT DEPARTMENT OF HOUSING, STATE OF CT DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT, NATIONAL EQUITY FUND, INC., MC CREDIT, LLC, IWSR OWNERS, LLC AND ILSR OWNERS, LLC, DATED NOVEMBER 14, 2017, AS AMENDED.**
** **MR. SPEIRS SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

Chairman Serrano noted that no action was taken.

II-A. <u>APPROVAL OF MINUTES</u>
**** MR. DEVINE MOVED TO APPROVE THE MINUTES OF THE JULY 9, 2019 REGULAR MEETING.**
**** MS. COOPER SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

II-B. FINANCE
Mr. Slovak reported on the NRA Statements of Revenue and Expenditures and Balance Sheets for All NRA Funds for Fiscal Year Ending June 30, 2019 as follows:

- Operating Fund 100 had revenues of $1,691,827 versus budgeted revenues of $1,780,843 with an unfavorable variance of $89,016 mostly due to a large loan payback which resulted in lower interest income of $37,318.
- Actual legal expenses are $783,782 versus a $167,189 budget resulting in a $616,593 unfavorable variance due to Wall Street litigation. There is a $40,081 favorable variance for taxes and benefits expense mostly due to the switch from Anthem to the CTPP 2.0 City Medical Insurance Plan. Total operating expenditures are $2,269,027 versus a budget of $1,780,843 resulting in a $488,185 net unfavorable operating variance due to litigation expenses.
- There is an operating deficit of $577,201 versus a budgeted breakeven bottom line resulting in a $577,201 unfavorable operating due to litigation expenses.
- Operating Fund 100 Balance Sheet has $7,305,485 in cash, accounts receivable due from other funds and property, and $215,802 in net loans receivable and other assets. There are $2,935,977 in Deferred Revenues which will be earned when expended, and $3,661,777 in Net Assets.
- The Brookfield Properties Operating Fund 115 has revenues of $159,140 and expenditures of $159,140, resulting in a breakeven. The balance sheet has $602,995 in current assets, and $602,995 in liabilities and net assets.
- CDBG Revolving Loan Fund 200 Statement of Revenues and Expenditures has $30,872 of interest income from notes receivable and expenditures of $30,872,

resulting in a breakeven. The CDBG Revolving Loan Fund Balance Sheet has $626,413 in cash and due from other funds, $391,772 net loans receivable, $525,781 in liabilities, and $492,405 in net assets.

- CDBG Non-Revolving Loan Fund 300 Statement of Revenues and Expenditures has revenues of $934,105 and program expenditures of $934,105, resulting in a breakeven. The Balance Sheet for CDBG (NRLF) Fund 300 has $400,363 in cash and due from other funds, $115,771 in net loans receivable, and $516,134 in liabilities and net assets.
- Norwalk Redevelopment Agency Project and Program Fund 500 Statement of Revenues and Expenditures include Capital Budget Grants from the City of Norwalk, grants from State DECD, and Choice Neighborhoods Federal grants. There was $3,243,073 in revenue and $3,243,073 in program expenditures resulting in a breakeven. The NRA Project and Program Fund balance sheet has $977,531 in cash, receivables and due to other funds, and $977,531 in liabilities and net assets.

**** MS. COOPER MOVED TO APPROVE THE NRA STATEMENTS OF REVENUE AND EXPENDITURES AND BALANCE SHEETS FOR ALL NRA FUNDS FOR FISCAL YEAR ENDING JUNE 30, 2019.**
**** MR. WESTMORELAND SECONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

III. CDBG RESIDENTIAL REHABILITATION LOAN PROGRAM

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

Mr. Ivan said modifications are being proposed to the current guidelines and approval process to improve timeliness and response times regarding emergency loans. The current guidelines allow for a maximum of $10,000 to be approved without Redevelopment Agency Commission review. However, staff has determined that that amount is insufficient to complete various projects and is requesting that the maximum be raised to $25,000 in order to provide emergency assistance for substantial projects. All other nonemergency work will be sent to the Agency for review and emergency work above $25,000 will go through the Loan Committee for approval.

Ms. Strauss said the question of whether the $10,000 should be increased came up when HUD reviewed our files recently and HUD recommended the increase to $25,000 based on what they consider to be emergency work and what current prices are to do that work so that it can move forward more quickly.

Mr. Westmoreland asked, from a fiduciary responsibility standpoint as a commission, do we have annual or quarterly reports with the emergency loans that we make? Raising the amount to $25,000 is a jump. Ms. Strauss said we have a loan status report that comes from CHFA, which we look at to see which loans are current and which are in default.

Chairman Serrano said Tim Carney was giving us reports on the loans, which helped the Commissioners understand which loans were in default and what we can do proactively to bring them back in line, and if we are going for approval to raise the maximum we should get some updates on the loans. Ms. Strauss suggested preparing a loan servicing report with a narrative to accompany the report. We would not disclose addresses on the reports.

Attorney Grenier suggested doing a report for the last two years of how many emergency loans the Agency has approved and how many people the Agency has helped out with emergencies. Ms. Strauss said bringing that information to the public might garner more interest in the program, which is what we are trying to do.

Mr. Speirs asked from a legal standpoint, what formalities do we actually need for the Loan Committee to meet? Attorney Grenier said the Loan Committee is set up with three Commissioners of the Agency. The meeting has to get noticed, which means it has to be posted. If the Loan Committee approves the loan, it gets sent to the Commission at one of their scheduled meetings.

Mr. Speirs said there were actually three tiers in the original language and there are only two in the proposed. In the original language it was an emergency loan of less than $10,000 staff can do themselves, $10,000 to $40,000 the Loan Committee can do without the approval of the Commission, and anything greater than $40,000 requires the full Commission. This changes it to two tiers; $25,000 or less staff handles and the Commission handles the rest. He thinks the language needs to be tightened up, and we should pick some numbers where staff and the Executive Director have approval up to a certain amount, the Loan Committee itself has approval up to a certain amount, and then the Agency as a whole has to approve things over that amount, which is what the old guidelines spelled out. He said he will try to come up with some language, if they want.

Attorney Grenier asked if there was anything pending that this couldn't be put over till the September's meeting? Mr. Ivan said not as of now. Ms. Strauss said it makes sense to make it clear for everybody and separate it based on emergency work versus non-emergency work.

**** MS. COOPER MOVED TO TABLE THE PROPOSED AMENDMENTS TO THE RESIDENTIAL REHABILITATION LOAN PROGRAM GUIDELINES TO THE SEPTEMBER AGENCY MEETING.**
**** MR. DEVINE SECONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

IV. <u>SONO COLLECTION</u>

A. Approve GGP Transfer of Ownership

1. Authorize Felix R. Serrano to execute a document confirming that the Norwalk Redevelopment Agency has consented to a transfer of ownership of the entity which owns the new mall at 100-101 North Water Street where Brookfield Property REIT, Inc., the successor in interest to General Growth Properties ("Brookfield"), will transfer 100% of the indirect ownership interests in the property owner to a newly formed Delaware limited liability company in with a new private investment fund that will be managed by Brookfield. The Agency's consent is required pursuant to Amendment No.4, Section 11, of the Land Disposition Agreement by and

between the City of Norwalk, Norwalk Redevelopment Agency and General Growth Properties, Inc. ("GGP").

Attorney Grenier said in the packages is his memorandum of August 5th regarding the request from Norwalk Land Development regarding the transfer. As noted in the memo, there is a change of ownership that triggers Section 11 of the amended LDA regarding Agency and City consent. At its meeting on July 23rd the Common Council authorized the City's consent to the requested transfer, so this is just part of the tri party agreement of the City agencies following suit of its meeting in order to approve the transfer request. Attorney Brancato of the Carmody law firm was great in following up on some of the questions he had and we worked with Corporation Counsel regarding the issues and addressed those issues with the Common Council and they took it on the consent calendar. The Certificate of Occupancy, which is required to do the transfer, is anticipated sometime in late September/early October based upon the public timeline to open the mall. This is a relatively straightforward matter for the Agency to approve so that he can have the Chairman sign the document and get it over to counsel for GGP and they can go through with their closing later this week.

**** MR. WESTMORELAND MOVED TO AUTHORIZE FELIX R. SERRANO TO EXECUTE A DOCUMENT CONFIRMING THAT THE NORWALK REDEVELOPMENT AGENCY HAS CONSENTED TO A TRANSFER OF OWNERSHIP OF THE ENTITY WHICH OWNS THE NEW MALL AT 100-101 NORTH WATER STREET WHERE BROOKFIELD PROPERTY REIT, INC., THE SUCCESSOR IN INTEREST TO GENERAL GROWTH PROPERTIES ("BROOKFIELD"), WILL TRANSFER 100% OF THE INDIRECT OWNERSHIP INTERESTS IN THE PROPERTY OWNER TO A NEWLY FORMED DELAWARE LIMITED LIABILITY COMPANY IN WITH A NEW PRIVATE INVESTMENT FUND THAT WILL BE MANAGED BY BROOKFIELD. THE AGENCY'S CONSENT IS REQUIRED PURSUANT TO AMENDMENT NO.4, SECTION 11, OF THE LAND DISPOSITION AGREEMENT BY AND BETWEEN THE CITY OF NORWALK, NORWALK REDEVELOPMENT AGENCY AND GENERAL GROWTH PROPERTIES, INC. ("GGP").**
**** MR. SPEIRS SECONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

V. DESIGN REVIEW

A. Washington Village Phase III Design Review

1. Review and approve Third Party Peer Review Findings and Recommendations.

Ms. Sweitzer said Washington Village Phase III is hustling to get themselves into construction. They have finished their design and are moving into their final permitting phase hopefully in September. Harriman has been doing the design review for all of the Trinity projects, and Steve Cecil will go through the building facades and the building material board.

Mr. Cecil said the Redevelopment Agency is responsible for making sure design guidelines associated with a redevelopment area are followed, and their job is to compare the proposal to the design guidelines and establish an opinion about whether they comply with the guidelines that are intended to make this a great project. He gave a short overview of how the project has evolved and referred to his memos of May 10th and August 7th outlining modifications and design confirmation. He reviewed the project, the façade design and the materials, and said he recommended Agency approval.

Chairman Serrano noted in the memo as part of the zoning change with regards to parking their recommendation is to bring more green or trees, and asked has that actually taken place or is it still an open item? Ms. Sweitzer said we discussed it as recently as last week. Trinity and their architects pushed for a reduction in the parking spaces to provide for a larger tree canopy cover in the parking area, but their investors were concerned that they needed this volume of parking. They are in their finalization of the whole project contracts and they are scheduled to close, which is why this review is really critical to them. It is hoped on Trinity's part that once their project closes, they can circle back around to this issue and possibly negotiate a slighter reduction in the parking.

Mr. Cecil said the way we thought we should do this is since we can't require a reduction, if they are able to accomplish an agreement to reduce the parking and provide some green space that is also compliant, they don't need to come back and get a re-approval. If they can approve it with less parking, everybody is happier.

** **MR. DEVINE MOVED FOR APPROVAL OF THE WASHINGTON VILLAGE PHASE III PEER REVIEW FINDINGS AND RECOMMENDATION AS PRESENTED BY HARRIMAN IN THEIR MEMOS DATED MAY 10, 2019 AND AUGUST 7, 2019.**
** **MR. SPEIRS SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

IV. NEW BUSINESS

(None.)

V. OLD BUSINESS

(None.)

ADJOURNMENT

Upon motion of Ms. Cooper, seconded by Mr. Westmoreland, the Norwalk Redevelopment Agency regular meeting of August 13th was adjourned at 7:12 P.M.

Respectfully submitted,
Karen Pacchiana