CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
JUNE 11, 2019

ATTENDANCE:	Felix R. Serrano, Chairman, Commissioners Lisa Cooper, Tom Devine, William Speirs and David Westmoreland
AGENCY COUNSEL:	Marc Grenier, Esq.
STAFF:	Timothy T. Sheehan, Executive Director, John Slovak, Comptroller, Tami Strauss, Director of Community Development Planning, Susan Sweitzer, Senior Project Manager
OTHERS:	Laoise King, Mayor William Collins

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the Norwalk Redevelopment Agency of June 11, 2019 to order at 5:36 PM.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
Laoise King, 125 East Avenue, said she is there on behalf of the Mayor, who is attending four middle school graduations and couldn't be present. She said with Tim leaving, we think that it is a good opportunity to look at the role of the Redevelopment Agency, which was established at a time when Norwalk was at a very different place. We recently did a reorganization of City Hall which has really strengthened our economic development functions, and the Mayor asked her to request that the Agency undertake a strategic planning exercise and look at what the Redevelopment Agency has been working on since it was established, what are the things in the community that could still benefit from the participation of the Redevelopment Agency, are there ways that the City and the Agency can work better together, and are there some functions that might fit better on the city side going forward.

In Executive Session the Commissioners are going to be considering an interim director until a new director is hired, and we would ask that you consider utilizing some of the expertise that we have at the City to help you through the transition time. Planning and Zoning Director Steve Kleppin and Chief of Community and Economic Development Jessica Casey are both willing to step in and help out the staff in any way they can.

The third piece, which the Mayor addressed with the Chairman earlier today, is that the City would very much like to play a role in the interview process and selection of a new permanent Executive Director. We invited Tim to sit in on the interview panel when we were hiring our Community and Economic Development position and we would like to do that going forward. The Chairman gave the Mayor an unequivocal no, that the Agency would not allow someone from the City to participate in the interview process, and the Mayor asks that the rest of the Commissioners reconsider the position that the Chairman took, because we think that it would be in the benefit of everybody, making sure that our relationship going forward continues to be a good one where we can work together and balance each other.

No one else came forward to address the Commission, and Chairman Serrano closed the public participation portion of the meeting.

Chairman Serrano said before going into the agenda, he would like to touch on the discussion he had with the Mayor. It was about a 10- minute phone call. He thought that strategic planning was a great idea to talk about how we can work better together for the benefit of all stakeholders and the citizens, but it would make the most sense to do that with the new director we would be bringing on as that would be that person's role. As to the matter of having someone from the city side on the search committee, as Chair he only has the authority to appoint commissioners to serve on a hiring committee, but once they are appointed, he will ask them to invite the Chairman of the Planning Committee of the Common Council to join the hiring committee.

I-A. <u>APPROVAL OF MINUTES</u>

** **MS. COOPER MOVED TO APPROVE THE MINUTES OF THE MAY 14, 2019 REGULAR MEETING.**

** **MR. SPEIRS SECONDED.**

** **THE MOTON PASSED (MR. DEVINE ABSTAINED).**

I-B. FINANCE

1. NRA Operating Statement of Revenues and Expenditures for April 30, 2019.

- Operating Fund 100 had revenues of $1,451,188 versus budgeted revenues of $1,509,035 with an unfavorable variance of $57,847. There was a large loan payback which resulted in lower interest income of $29,268.
- Actual legal expenses are $609,544 versus $164,324 budget resulting in a $445,220 unfavorable variance due to Wall Street litigation. There is a $43,405 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 $1,827,572 versus a budget of $1,501,411 resulting in a $326,162 net unfavorable operating variance due to litigation expenses.
- There is an actual operating deficit of $376,385 versus a budgeted operating surplus of $7,625, resulting in a $384,009 unfavorable net operating variance due to litigation expenses.

Mr. Slovak said the unfavorable variance of $57,847 is largely due to a large loan payback which resulted in lower interest income of $29,268. Legal expenses are $609,544 versus $164,324 budgeted, resulting in a $445,220 unfavorable variance due to Wall Street litigation. There is a $43,405 favorable variance for taxes and benefits mostly due to the switch from Anthem to the city medical plan. Total operating expenditures are $1,827,572 versus a budget of $1,501,411 resulting in a $326,162 net unfavorable operating variance due to Wall Street litigation expenses. There is an operating deficit of $376,386 versus a budgeted operating surplus of $7,625 resulting in a $384,009 unfavorable net operating variance due to Wall Street litigation expenses.

Mr. Speirs noted that the difference between the net unfavorable operating variance of $326,162 and the actual operating deficit of $376,386 is about $50,000, and asked what accounts for that difference? Mr. Slovak said the year-to-date budget is $1,509,035 and the actual expenditures are $326,162 higher, which makes up the negative variance for year-to-date. The actual deficit is because of $1,451,188 in total revenues less total expenditures which includes the $609,544 in legal expenses. The expenditures are $376,385 more than the revenues because of the higher legal.

Mr. Westmoreland asked with regard to the loan, who was the $1.3M loaned to and what was it for and are we going to continue to see a loss of interest income? Mr. Slovak said the amount of the principal paid back was $1.3M for a 40 South Main Street loan, and that loss will be shown for one more month.

** **MR. SPEIRS MOVED TO APPROVE THE NRA OPERATING STATEMENT OF REVENUES AND EXPENDITURES FOR APRIL 30, 2019.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

Approve NRA Operating Budget for FY6/30/20

Mr. Slovak said the Operating Budget for 6/30/2020 is a break even budget that has revenues of $1,487,768 and expenditures of $1,487,768. Last year the City Positions were $544,900 and this year they dropped to $144,304 because three of the four City Positions are no longer here. Only the Fair Housing Officer position at $144,000 is left. The NRA Grant for City Projects increased to $823,303 from $669,974, a $153,000 increase. Last year occupancy for Room 202 in City Hall cost us $4,617. Next year we have occupancy moving to 3 Belden of $105,287, which is about a $100,000 increase. A lot of that is one time fit out costs of about $30,000. We will rent out the first floor for the first six months. The second six months we use worst case scenario of not being able to rent it out, which is where that $105,287 comes from. It will be substantially less when the tenant moves out on December 31 and we get a new tenant. The other item which decreased was interest income from notes. In 2019 it was $49,286. The $1.3M loan paid off since then and we are only expecting $2,163. Those two items account for the increase of $153,000 NRA Grant for City Projects. The salary line increased 2½% to match the City salary increases of 2½%, and everything else is pretty much the same as the year before. There is no budget for the Wall Street litigation. We don't know what the legal costs are going to be. We are going to record them as they come in. We have $4,000,000 available for retained earnings which will decrease as the legal fees come in.

Mr. Sheehan said we have asked Joe Williams of Shipman and Goodwin to provide us with a budget for legal expenses going forward. He has been on vacation, but he understands that it is a priority to get that to us. Once we get the budget we will have the Commissioners review it, make sure you're comfortable with it, and then do a modification of the budget and make the adjustments so that we are not constantly dealing with a negative number every month.

Mr. Westmoreland said so effectively we are paying for the occupancy at Belden Avenue by increasing the amount of money we are taking from deferred revenue.

Mr. Sheehan said there are two components; the deferred revenue piece and what we actually have as asset base.

Mr. Westmoreland said it is his understanding that they also have a lawyer for the City pretty much on the litigation fulltime. Mr. Sheehan said there has been some internal discussions with the city with regards to the legal bills. The Special Agency Counsel was asked by the City to take the lead in advancing this case, and that is an ongoing discussion that the Redevelopment Agency should be having with the City. Darin Callahan from Corporation Counsel has been involved with the case, and there are some soft costs associated with this in terms of depositions and things like that and the City has been dealing with those costs.

** **MR. DEVINE MOVED TO APPROVE THE NRA OPERATING BUDGET FOR FY6/30/20.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

** **MR. SPEIRS MOVED TO GO INTO LEGAL-EXECUTIVE SESSION AT 5:57 PM TO DISCUSS REAL ESTATE NEGOTIATIONS WITH HP PLANNING SERVICES, LLC AND PERSONNEL MATTERS.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

(EXECUTIVE SESSION)

** **MS. COOPER MOVED TO COME OUT OF EXECUTIVE SESSION AT 6:54 PM.**
** **MR. SPEIRS SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

** **MR. DEVINE MOVED TO ADD TO THE AGENDA THE APPOINTMENT OF AN ACTING EXECUTIVE DIRECTOR OF THE REDEVELOPMENT AGENCY.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

** **MR. SPEIRS. MOVED TO APPOINT AS ACTING EXECUTIVE DIRECTOR TAMI STAUSS WITH A STARTING DATE OF JULY 1, 2019.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

III-A. <u>3 BELDEN AVENUE</u>

Mr. Grenier said they are looking for approval of the sublease agreement with HP Planning Services, LLC and to authorize Felix R. Serrano to execute the Sublease Agreement, subject to Agency counsel's final review.

** **MR. SPEIRS MOVED TO APPROVE THE SUBLEASE AGREEMENT WITH HP PLANNING SERVICES, LLC AND AUTHORIZE CHAIRMAN FELIX R. SERRANO TO EXECUTE THE SUBLEASE AGREEMENT SUBJECT TO AGENCY COUNSEL'S FINAL REVIEW.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

III-B. <u>FAÇADE IMPROVEMENT</u>

1. Canaan Institutional Baptist Church Façade Improvement Short-Term Bridge Loan Extension to September 30, 2019

Ms. Sweitzer said this item is an extension of the existing Canaan Institutional Baptist Church short term bridge loan agreement that was executed last winter to help fund the upfront costs associated with their stained glass window replacement project. The state payments that were coming to them through a grant from the State Historic Preservation Office are payments that reimburse the church for the costs of doing that project, but those payments will not come to them until the project is completed and approved. The installer of the stained glass windows has been over-scheduled and at this time he has been unable to schedule the installation. He was going to do it in two phases; Phase I in July and Phase II in the early part of August, and we can then get the State Historic Preservation Office inspections and sign off on the project. The extension has been requested to the end of September in case the schedule is a little delayed. At this point the windows have been restored, the window frames have been installed and refinished, so the last bit is bringing in and installing the windows and completing the protective coating on them. It will be an amazing difference when those windows are properly cleaned and properly protected against the weather.

Mr. Westmoreland said this is an amazing historic building and this is a great project. There was a big Russian Jewish immigration to Norwalk around the turn of the century when they were being forced out of Russia and they built this as a synagogue, which is how it was originally used, and the Canaan Institutional Baptist Church has been incredibly respectful of the history of this building and has restored the interior perfectly to that period.

** **MR. WESTMORELAND MOVED TO APPROVE EXTENDING THE REPAYMENT DUE DATE FOR THE CANAAN INSTITUTIONAL BAPTIST CHURCH BRIDGE FUNDING IN THE AMOUNT OF $50,000 UNTIL SEPTEMBER 30, 2019 AND AUTHORIZE FELIX R. SERRANO TO EXECUTE AN AMENDMENT TO THE BRIDGE FUNDING AGREEMENT WITH CANAAN INSTITUTIONAL BAPTIST CHURCH TO REFLECT THE REPAYMENT EXTENSION OF SEPTEMBER 30, 2019.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

IV. NEW BUSINESS
(None.)

V. OLD BUSINESS
(None.)

Chairman Serrano said before we adjourn he wanted to congratulate Tami Strauss on taking the role of Acting Executive Director. As Chair he will be appointing all five Commissioners to serve on the search committee for a permanent Executive Director, and he thanks everyone for their input.

ADJOURNMENT
Upon motion of Ms. Cooper, seconded by Mr. Westmoreland, the Norwalk Redevelopment Agency regular meeting was adjourned at 7:00 P.M.

Respectfully submitted,
Karen Pacchiana