CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
MAY 14, 2019

ATTENDANCE:	Felix R. Serrano, Chairman, Commissioners Lisa Cooper, William Speirs and David Westmoreland.
AGENCY COUNSEL:	Marc Grenier, Esq.
STAFF:	Timothy T. Sheehan, Executive Director, John Slovak, Comptroller, Sabrina Church, Community Development Planner, Steven Ivan, Housing Development Project Manager

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the Norwalk Redevelopment Agency of May 14th to order at 5:33 PM.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
Dave Davidson, 16 Betmarlea Road, West Norwalk, said he is there speaking as a Norwalk citizen and not as a member of any board or commission. He said at the Agency's Special Meeting of February 25th, 2019, he explained in detail the capital budget process and that capital funds should only be used for the purpose for which they were appropriated, and neither the Mayor, the Director of Finance nor any other official can override that principal. Funds are not permitted to be used for projects if they were not included in the appropriation at the time. With respect to the Washington Street Plaza project, 60% of the funds required for the project are coming out of an appropriation from 2003. On March 22, 2019 he sent each member of the Agency Board and the Corporation Counsel a document that showed that the 2003 project was for the West Avenue-Wall Street corridor at Norwalk Center and that it bore no possible relationship to the Washington Street Plaza project. He respectfully requests that the Agency Board be told what specific steps were taken to conform to the due diligence and fiduciary responsibility that it bore and what record has been made of those steps.

Bill Collins, 32 Allen Drive, said he understands that the mall is proposed to open in October. When he asked what became of the wayfinding study about a year ago, he was informed that it was being timed so that it would be implemented by the time of the opening of the mall so that people coming into our city would be able to find things. He hasn't seen anything about it going out to bid on implementation or any newspaper reports or anything and he was wondering what has happened with wayfinding in the city.

Mr. Sheehan said through the reorganization, it is now the function of the Pedestrian and Transportation Director, Kathy Hebert, to be dealing with the wayfinding. We have had conversations recently with Jessica Casey, the Director of Economic and Community

Development, who oversees that division, and she wants to implement some form of a wayfinding program. The whole issue of implementing wayfinding has gone to the Planning Committee of the Common Council twice and has failed to advance to the Common Council to approve a plan to do wayfinding, nor has there been any allocation of funding associated with that. There is no point in going forward for capital funding associated with implementation until there is approval of a plan, and we couldn't get that support. We will forward the minutes of both of those meetings with the Planning Committee to Mayor Collins and the Commissioners so they have an understanding of what was presented to them and what their concerns were, but as of now that function is clearly resting with the Director of Pedestrian and Transportation, not with the Redevelopment Agency.

Chairman Serrano closed the public participation portion of the meeting.

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

** **MR. WESTMORELAND MOVED TO APPROVE THE MINUTES OF THE MARCH 13, 2019 SPECIAL MEETING.**

** **MR. SPEIRS SECONDED.**

** **THE MOTON PASSED (MS. COOPER ABSTAINED).**

I-B. FINANCE

1. NRA Operating Statement of Revenues and Expenditures for Year-To-Date February 28, 2019.

- Operating Fund 100 had revenues of $1,196,202 versus budgeted revenues of $1,348,663 with an unfavorable variance of $152,460. This is largely due to $111,435 of undrawn salary and benefits for an open position.
- Actual operating expenditures are $1,297,887 versus a budget of $1,356,287 resulting in a $58,400 favorable variance of which $111,435 is similarly due to the open position. There is a $53,858 favorable variance for taxes and benefits expense mostly due to the switch from Anthem to the CTPP 2.0 City Medical Insurance Plan. There is also a $168,539 unfavorable legal fees variance due to litigation expenses which created the $123,363 unfavorable total administrative expense variance.
- There is an actual operating deficit of $101,685 versus a budgeted operating deficit of $7,625, resulting in a $94,060 unfavorable net operating variance largely due to litigation expenses.

Mr. Slovak reviewed the February 28th Statement of Revenues and Expenditures as shown above and said the $94,060 unfavorable net operating variance is largely due to litigation expenses. Mr. Sheehan said the litigation expense is mostly driven by the POKO matter, and we are also responding to two FOIA requests.

Mr. Westmoreland referred to the balance sheet, 3rd Quarter YTD Comparative for Fund 300, and asked what the bad debt reserve of $354,575 represents.

Mr. Slovak said as of March 31 in fund 300, we have loans receivable on the CDBG non revolving loan fund balance sheet of $473,126, and the bad debt reserve of $354,575 is so we don't overstate the receivables to CDBG and HUD that we have on the books. Mr. Sheehan said because the loans are high risk by nature, we basically are holding a reserve against the debt in case there are loans that don't repay, which is what the booking of the $354,575 is for, so in other words you are not overstating the actual value of the portfolio of loans. You are carrying a component piece that's saying these loans are worth 50 to 75 cents on the dollar, whatever ultimately it is, because of the high risk nature of them.

Mr. Westmoreland noted that they carried a similar amount in the previous year, and asked for a list of the loans that went bad and were ultimately written off.

Mr. Sheehan said there is a category where some of those loans, although they're not written off, automatically defer, so they have a ten year deferral period. There is a recheck in terms of income status with the people that had taken out those loans, and if they don't meet that level to begin repayment, it is deferred for another ten years. He would be happy to go into it in more depth with Mr. Westmoreland when he has some time.

** **MR. WESTMORELAND MOVED TO APPROVE THE NRA OPERATING STATEMENT OF REVENUES AND EXPENDITURES FOR YEAR-TO-DATE FEBRUARY 28, 2019.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

2. Norwalk Redevelopment Agency Statement of Revenues and Expenditures and Balance Sheets for All Funds for Year-To-Date March 31, 2019

- Operating Fund 100 had revenues of $1,325,028 versus budgeted revenues of $1,498,496 with an unfavorable variance of $173,468. This was largely due to $125,365 of undrawn salary and benefits for an open position.
- Actual operating expenditures are $1,483,272 versus a budget of $1,498,496 resulting in an $15,224 favorable variance of which $135,706 is due to the open position. There is also a favorable variance of $59,048 for taxes and benefits mostly due to our switch from Anthem to the CTPP 2.0 City Medical Insurance Plan. In addition, there is a $234,408 unfavorable variance for legal fees resulting from litigation.
- There is an operating deficit of $158,244 versus a budgeted breakeven bottom line resulting in a $158,244 unfavorable operating variance from litigation.
- Operating Fund 100 Balance Sheet has $7,783,254 in cash, accounts receivable and due from other funds, and $221,836 in net loans receivable and other assets. There are $3,107,636 in Deferred Revenues which will be earned when expended, and $4,080,734 in Net Assets.
- The Brookfield Properties Operating Fund 115 has revenues of $111,124, expenditures of $111,124, resulting in a breakeven bottom line. The balance sheet has $649,758 in current assets, and $649,758 in liabilities which include $437,738 for the circulator, and $212,020 in Brookfield security deposit.
- CDBG Revolving Loan Fund 200 Statement of Revenues and Expenditures has $23,608 of interest income from notes receivable, expenditures of $4,892, and a $18,717 operating surplus. The CDBG Revolving Loan Fund Balance Sheet has

$619,104 in cash and due from other funds, $393,455 net loans receivable, $501,437 in liabilities, and $511,122 in net assets.

- CDBG Non-Revolving Loan Fund 300 Statement of Revenues and Expenditures has revenues of $595,474, program expenditures of $648,071, and an operating deficit of $52,597 which has already been reimbursed and drawn down from CDBG. The Balance Sheet for CDBG (NRLF) Fund 300 has $549,389 in cash, receivables, and due from other funds, $118,551 in net loans receivable, and $667,940 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 $2,564,645 in revenue and $2,622,501 in program expenditures and a $57,856 deficit which will be reimbursed by the City Capital Budget Grants. The NRA Project and Program Fund balance sheet has $692,974 in cash, receivables and due to other funds, and $692,974 in liabilities and net assets.

Mr. Slovak said the Commissioners have all received the Norwalk Redevelopment Agency statement of revenues and expenditures and balance sheets for all funds for year-to-date March 31, 2019, and asked if anyone had any questions on these statements.

** **MR. WESTMORELAND MOVED TO APPROVE THE AGENCY OPERATING STATEMENT OF REVENUES AND EXPENDITURES AND BALANCE SHEETS FOR YEAR-TO-DATE MARCH 31, 2019.**
** **MR. SPEIRS SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

3. Approve a budget amendment to remove $167,152 from the Grants – City Positions Budget line item.

Mr. Sheehan said this funding was initially attributed to the Economic Development Director and was a pass-through. The city would fund the Agency and we would pay the salary and benefits associated with that position. That is no longer the case as a result of the reorganization, and rather than having our balance sheet show a negative for the next few months to the end of the fiscal year, we would rather have a modification made. The funding has been removed from the Agency accounts and is now with the city.

** **MR. WESTMORELAND MOVED TO APPROVE THE BUDGET AMENDMENT TO REMOVE $167,152 FROM THE GRANTS – CITY POSITIONS BUDGET LINE ITEM WHICH IS FOR THE CHIEF OF ECONOMIC AND COMMUNITY DEVELOPMENT POSITION WHICH WAS MOVED FROM THE AGENCY TO THE CITY.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

II. RESIDENTIAL REHABILITATION LOANS

A. Approve Residential Rehabilitation loan #1901.

Ms. Church noted that, for confidentiality reasons, we cannot mention the addresses or names of the applicants. They will refer to the first loan as 1901 and the second one as 1902.

With regards to Loan 1901, we had a previous loan with this individual for an emergency roof repair. The proposed loan is rolling in what is still owed on that loan, as well as repairs to the kitchen and some outside emergency work. The Loan Committee determined that it wanted to have two options presented; one that included the whole scope of work that the homeowner wanted and another that included only the emergency work. Some of the committee members thought that the repairs to the kitchen weren't an emergency since the kitchen was still usable. The first option has everything that the homeowner wanted and the second has the previous loan as well as those emergency repairs that were asked for. The first option does include a forbearance component, where the homeowner defers the loan out until they can start paying the other half of that loan, so they would always be paying but they wouldn't pay the forbearance piece until they were able to pay.

Mr. Westmoreland asked if there is a compelling reason to go with Option A? Ms. Church said the homeowner wants to do the work and was looking forward to it for a while, but if it is not in the purview for us to do that, we don't have to. The forbearance loans are always iffy because you never know whether they are going to decide to pay them back, but the homeowner is still on the hook for that money. It is still liened on their property, and we check that every year. They submit all their income information again, and if they are making more money or we determine that they can afford the loan, they have to start paying it back.

Mr. Westmoreland said if we approve Option B and their situation changes, is there anything that prevents them from coming back and providing the rest of the funds? Ms. Church said we spoke to the homeowner after the Loan Committee had voiced their concerns and that is clearly a possibility. Mr. Serrano said the same is true if the kitchen deteriorates more so, they can also come back. Ms. Church said there is nothing preventing them from coming back for a brand new loan.

** **MR. WESTMORELAND MOVED TO APPROVE OPTION B FOR THE RESIDENTIAL REHABILITATION LOAN NUMBER 1901.**

** **MS. COOPER SECONDED.**

** **THE MOTON PASSED UNANIMOUSLY.**

B. Approve Residential Rehabilitation loan #1902.

Ms. Church said the homeowner asked for $67,000 on loan number 1902, which was for the full amount of work needed on the property. The fire escape in the back needs repaired and they need their roof done. You can clearly see in the photos that it has been neglected for a while, but they underwrite perfectly for the amortized loan. Besides the mortgage, they have no other debts on the property, which is why the Loan Committee discussed having that combined loan to value being a little bit high, specifically in this circumstance where the work is more imminent than the previous loan. This was a referral to the Agency from the Blight Officer and Code Enforcement, and when we inspected the property we clearly saw that there was a lot more that needed to be done, not only to bring the property to code, but to make it a healthy environment for all involved. There are separate entrances, so it is characterized as a two family and was one of the reasons why the rear fire escape needed to be fixed immediately. Part of our due diligence with the application is to make sure that they are current on their mortgage and taxes and all of that, and they are. The two people that are going to be taking this loan out are a father and a daughter, and are both living on the property. There is a mortgage on the property so we would be in a second position. Attorney Grenier said this is a two-family, so we would want to make sure that we have the zoning certificate of compliance for a two-family, so we just need Agency counsel's review and confirmation that it is a legal two family for the title policy.

** **MR. SPEIRS MOVED TO APPROVE RESIDENTIAL REHABILITATION LOAN NUMBER 1902.**
** **MS. COOPER SECONDED.**
** **THE MOTON PASSED UNANIMOUSLY.**

Mr. Davidson said they were kind enough to be responsive to Mayor Collins during the public participation, and he would appreciate the same courtesy. Chairman Serrano said his request was noted for the record, and as part of the action item that was approved, we did receive confirmation from both Agency Counsel and Corporation Counsel. Mr. Davidson asked if they are satisfied that that is adequate due diligence in view of the document that he sent them in March that clearly illustrated that the funds were never appropriated for anything close to Washington Street Plaza? Chairman Serrano said he thinks we have met that approval with both Corporation Counsel and Agency counsel.

VII. NEW BUSINESS
(None.)

VIII. OLD BUSINESS
(None.)

ADJOURNMENT

Upon motion of Ms. Cooper, the Norwalk Redevelopment Agency regular meeting was adjourned at 6:00 P.M.

Respectfully submitted,
Karen Pacchiana