**CITY OF NORWALK**
**REDEVELOPMENT AGENCY**
**REGULAR MEETING**
**FEBRUARY 11, 2009**

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| ATTENDANCE: | Paul Jones, Chairman, Emil Albanese, Secretary/Treasurer, Ellen Gamer Wink, Felix Serrano |
| AGENCY COUNSEL: | Marc Grenier, David Stergas |
| STAFF: | Timothy T. Sheehan, Executive Director, John L. Burritt, Jr., Assistant Director, Michael T. Moore, Sr. Community Development Project Manager and John Slovak, NRA Comptroller |

**ROLL CALL**

**CALL TO ORDER**

The meeting was called to order at 6:45 P.M. at the Waypointe offices, 520 West Avenue.

I. APPROVAL OF MINUTES – January 14, 2009 Regular Meeting

** **MS. WINK MOVED TO APPROVE THE MINUTES OF THE JANUARY 14, 2009 REGULAR MEETING.**
** **MR. ALBANESE SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II. FINANCE.

1. Operating Financial Statements for the Period Ending December 31, 2008
2. Second Quarter Year-To-Date Comparative and Combined Revenue & Expenditure Statements and Balance Sheets for All Funds

Mr. Slovak reported on the financial statements as follows:

Total revenues including interest income and miscellaneous revenues for year-to-date December 31, 2008 are $862,501 versus a budget of $877,377, resulting in an unfavorable year-to-date revenue variance of ($14,876) due to lower interest income.

Total year-to-date expenditures are $850,297 versus a year-to-date budget of $911,373, resulting in a favorable expenditures variance of $61,076.

There is an actual net year-to-date operating surplus of $12,204 versus a budgeted net operating deficit of ($33,996), resulting in a favorable net year-to-date operating variance of $46,200.

****		MS. WINK MOVED TO ACCEPT THE FINANCIAL REPORT FOR DECEMBER 31, 2008.**

****		MR. ALBANESE SECONDED.**

****		THE MOTION PASSED UNANIMOUSLY.**

III. BUSINESS

**A. <u>WEST AVENUE REDEVELOPMENT PLAN</u>**

1. Discussion of Waypointe Master Development Agreement (MDA)

Mr. Sheehan said Dave Stergas, Agency Counsel, will give a presentation outlining the responsibilities of the Redevelopment Agency, the City of Norwalk and the Redeveloper, who are all parties to the agreement. The most important emphasis for the Commissioners to focus on are those points directly related to the Redevelopment Agency, and to understand what the Agency is committing itself to within the document.

Mr. Stergas said his intent is to bring the Commissioners up to date on the status of the MDA and to answer questions they may have. Frank Baker of Robinson and Cole is also present to answer questions regarding the City's obligations. He referred to a one-page summary that was handed out, and went through the parties' obligations as follows:

As to the Redeveloper Obligations, the Redeveloper is obligated to obtain site control. There are approximately 45 parcels in the project site of which the Redeveloper currently owns or is under contract for 31. There are seven other property owners within the site, and at the present time the Redeveloper is negotiating with three of them and the Agency is in negotiations with the other four. An important aspect is that all provisions within the Agreement pertaining to eminent domain will be deleted. Should the use of eminent domain be needed, the Redeveloper will have to come to the Agency and then to the Common Council on a case by case basis.

The Redeveloper will be required to fund the Project Operating Account, which will be utilized to reimburse the City and the Agency for reimbursable expenses incurred in connection with the MDA.

The Redeveloper is obligated to obtain financing and equity sufficient to complete the project, and is also required to obtain Sate Traffic Commission approval and construct the required improvements, except for certain City traffic improvements which the City has agreed to complete as part of the agreement and also as part of the Reed Putnam project.

The Redeveloper will submit all plans to the City and Agency for approval, and will also be required to obtain all zoning approvals, including site plan approval, and all necessary building permits.

The Redeveloper is obligated to complete all environmental clean-up on the site, and to construct the project, which currently consists of approximately 535,000 square feet of retail and 75,000 square feet of new office. Of the 350 residential units the Redeveloper is required to construct, 15% will be affordable. Of those, two-thirds will be at 80% of State median income and one-third at 100% of area median income. In addition, the

Redeveloper has the option of putting one-third of the units in Plan Area C, so two-thirds will be on site and one-third offsite.

Mr. Sheehan commented that the Redeveloper is looking for some flexibility with regard to unit counts and bedroom sizes. He noted that the Planning Committee has not yet accepted the affordable housing plan as it is currently designed.

Mr. Stergas said, as to the City Obligations, the City is required to approve a bond issuance of approximately $104,300,000, a Special Services District ordinance, an outdoor dining ordinance, and will have to amend the City Code to allow the parking revenues in the project to go to the SSD. Under the current Code, all revenues go to the Parking Authority.

The City agrees to use commercially reasonable efforts to obtain additional public funding in the amount of $30,000,000. If that additional public funding is not obtained, the Redeveloper has an option of either waiving the requirement or terminating the agreement.

Mr. Sheehan said, to clarify, the maximum total amount of public investment in the project could be as high as $134,300,000.

Mr. Stergas noted that most of the conditions have to be satisfied on both sides within two years. Mr. Sheehan said the reasoning for the two years is that the developer needs to advance into construction within that time frame under the agreement, and has to have its financial commitments in place.

Mr. Stergas said the City will be reviewing and approving all plans submitted by the Redeveloper. The Master Site Plan and the schematics will be attached to the MDA, so by signing the MDA those plans will be deemed approved by both the City and the Agency, and then the design development documents, the construction documents, etc. will have to be provided to the Agency and the City.

The City is required to complete certain City traffic improvements of approximately $6,400,000, both under the MDA and as part of the Reed Putnam project.

Mr. Sheehan said that provision is in the agreement as the Redeveloper didn't want the STC to come back and indicate that the Redeveloper was responsible for another project's obligations under the STC approval. The improvements they are speaking of are being funded out of the $20,000,000 special grant appropriated by the State.

Mr. Stergas said the City will also be required to transfer certain portions of City streets within the project to the Redeveloper.

The City and the Agency both agree to defend any legal challenge to the redevelopment plan or the MDA. Basically the agreement says if it is a City function that is being attacked, the City will defend it, and if it is an Agency item, the Agency will defend it.

The City has agreed to provide sufficient staffing to timely handle the Redeveloper's applications, and upon completion of all public improvements and 75% occupancy of all rentable space, excluding residential, the City agrees to purchase the public improvements at a maximum purchase price of $103,000,000. If there are any City change orders, that amount could increase.

The City will be entering into a license agreement with the SSD for the operation of the public garages and, in turn, the SSD will be contracting with the Norwalk Parking Authority or some other entity designated by the City to actually handle the operation.

The City agrees to maintain the public streets within the project, and the City will be administering and controlling the SSD until the bonds have been paid in full. Finally, the City will be overseeing the Redeveloper's compliance with the MDA.

Mr. Albanese asked who is he referring to when he is talking about the City. Mr. Stergas said in the documents, the Finance Director is the authorized representative for the City and the Executive Director is the authorized representative for the Agency.

In response to a question by Mr. Albanese, Mr. Stergas said both the City and the Agency have final say over the design. They are approving the Master Site Plan and the Schematic, and when the Redeveloper presents the next set of documents, which are the design development documents, they have to point out any deviations and both the Executive Director and the Finance Director have approval rights over those. The Redeveloper has the option of appealing the decision to the Agency or to the Common Council.

Mr. Sheehan explained that in a project of this magnitude, there could be many changes, most of them minor, and they did not want to have to be depending on meetings with the Council and/or the Agency to address the issues.

Mr. Baker suggested that the Commissioners look at Article 11, which distinguishes between nonmaterial change orders to the approved design drawings and substantial change orders. Even in a construction project of a much smaller magnitude there are typically 80 to 200 change authorization requests from subcontractors, and they want the project to proceed smoothly. If Mr. Sheehan feels a change order is something he wants to bring up with the Commissioners, he can put it on the agenda.

Mr. Albanese asked how is it that they managed to move the 95/7 and Wall Street projects ahead with the Commission's interference when apparently that same interference is going to hold Waypointe back.

Mr. Sheehan said what they have approved with the other projects are the construction plans, which is no different than what they are going to do with Waypointe. The issue comes with the changes to those construction plans, most of which will be minor in nature, and the question is are the Commissioners willing to delegate that responsibility out to staff.

Chairman Jones pointed out that they cannot lose sight of the fact that the City is not putting up $130,000,000 in the other projects.

Mr. Burritt noted that the way the Reed Putnam project is structured, the Conceptual Master Site Plan flows into the construction documents, and if there is a material change in the construction documents, those changes come back to the Redevelopment Agency. As pointed out, however, this is not a project that has $103,000,000 in it from the City. There is a very lengthy definition of material change in the LDA for the Reed Putnam project, and it could be interpreted that every single minor change would come back to the Agency, but the purpose of the lengthy definition is to recognize that there needs to be some discretion accorded to make the project happen.

Mr. Albanese said he would like to know why the City's plan of $103,000,000 versus whatever the City is laying out for the other projects means there should be less oversight.

Chairman Jones said they have two and a half weeks to read Article 11 and to reach out to staff to answer some of the questions, and he thinks they should wait to discuss that.

Mr. Baker pointed out that the Agency is going to have ample opportunity to review the design development documents and proof them, and they will have a design review consultant, they will have construction meetings and the initial set of plans, all of which are subject to Agency approval. During construction, typically change orders are originated by a subcontractor who has a problem in the field, and it is a question of both expertise and timing of whether a board gets involved in those. He said he thinks Article 11 addresses the routine change authorizations, including some which the City might initiate, as well as those that are substantial.

Mr. Jones noted that there is nothing excluding any Commissioner to sit in on any of those meetings.

Mr. Sheehan said he thinks the practicality is that neither Tom Hamilton nor himself nor anybody that is sitting in their positions in the future would want to take on substantial changes that are going to make huge differences in the project without consulting the Commissioners and/or the Council. Tom Hamilton is not going to take on a change that is going to result in a million dollar difference in revenue without consulting the Council, nor is he going to take on a change that is going to reject a building that has been approved without coming back to them. There is just a responsibility issue.

Mr. Stergas said, as to Agency Obligations, it will be administering the Project Operating Account, it will review and approve of plans in conjunction with the City, it will use commercially reasonable efforts to obtain additional public funding, and it has agreed to support various Redeveloper applications, such as the STC, zoning, etc. By statute, the Agency is responsible for arranging for utility relocation. As mentioned before, it will defend any legal challenges to the Redevelopment Plan or the MDA. It will issue the Certificates of Completion as the project is completed, and oversee the Redeveloper's compliance with the MDA.

**B. <u>SOUTH MAIN CORRIDOR URBAN RENEWAL PLAN</u>**

1. SoNo Hotel – Proposed Market & Feasibility Study

Mr. Burritt said the staff listened to the Commissioners' concerns that were articulated at the last meeting and, as a result, has taken the initiative to request a proposal from HVS, which is probably the most prominent hotel market study and feasibility firm in the world. HVS has agreed to take on the assignment, subject to the Commission's approval, at a cost of $12,000 that would be shared 50/50 by the developer and the Agency. The Agency will be the contracting party and will be responsible for the scope of services and the oversight of the work. They have asked HVS to do a market study for the proposed SoNo Hotel as a select service facility and determine whether there is a market.

The second part of the study is they have asked them to incorporate the 95/7 hotel into the market study to determine what the market situation would be. And the third task is to look at the feasibility of the Rich sponsored hotel under each of those conditions. He thinks that information is consistent with what they have previously requested of 95/7 when they sought to amend the Reed Putnam Urban Renewal Plan, and should answer the Commissioner's question as to what the impact of the SoNo Hotel would be on the presently approved 95/7 hotel in the Reed Putnam project and hopefully provide an understanding of the feasibility of the hotel.

** **MS. WINK MOVED TO APPROVE THE PROPOSAL BY HVS TO PREPARE A HOTEL MARKET STUDY AND FEASIBILITY ANALYSIS OF THE PROPOSED TR SONO HOTEL AND ITS EFFECTS ON THE EXISTING APPROVED HOTEL IN THE REED PUTNAM URBAN RENEWAL PROJECT AREA. (CITY SHARE IS 50% SOUTH MAIN CORRIDOR CAPITAL BUDGET FUNDS IN AN AMOUNT NOT TO EXCEED $6,000 PLUS REIMBURSABLE EXPENSES.**

** **MR. ALBANESE SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

IV. OLD BUSINESS.
No old business.

V. NEW BUSINESS
No new business.

**ADJOURNMENT**

There being no further Old or New Business, upon motion duly made by Mr. Albanese, the meeting was adjourned at 7:20 P.M.

Respectfully submitted,

Karen Pacchiana