THE PLANNING COMMITTEE OF THE COMMON COUNCIL

125 East Avenue
P.O. Box 5125
Norwalk, CT 06856

TO: MEMBERS, PLANNING COMMITTEE OF THE COMMON COUNCIL

FROM: JOHN KYDES, CHAIRMAN

DATE: APRIL 27, 2017

RE: **MEETING NOTICE**

The next scheduled meeting of the Planning Committee of the Common Council will be held on **Thursday, May 4, 2017 at 7:00 pm** in Room 231 in Norwalk City Hall. Please Note the Time and Location.

PLANNING COMMITTEE OF THE COMMON COUNCIL
REGULAR MEETING
MAY 4, 2017 - 7:00 PM

PUBLIC HEARING – 7:00PM -- NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM FOR 2017

CALL TO ORDER

ROLL CALL

PUBLIC PARTICIPATION

I. APPROVAL OF MINUTES
   A. April 6, 2017 Regular Meeting
   B. April 17, 2017 Special Meeting

II. BUSINESS

A. NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM FOR 2017
1. Advance the 2017 NAA tax credit program applications to the Common Council

B WALL STREET
1. Approve Term Sheet for Section 108 loan to Norwalk Redevelopment Agency on behalf of the City of Norwalk

C. REED PUTNAM URBAN RENEWAL PLAN AREA
1. Discuss GGP's proposal to modify the Reed Putnam Urban Renewal Plan and Amendment #4 to the governing LDA

III. OLD BUSINESS

IV. NEW BUSINESS

ADJOURNMENT

CITY OF NORWALK
THE PLANNING COMMITTEE OF THE COMMON COUNCIL
REGULAR MEETING
April 6, 2017

ATTENDANCE: John Kydes; Doug Hempstead; Thomas Livingston; John Igneri; Shannon O'Toole-Giandurco; Fay Bowman; John Igneri

OTHERS: Tim Sheehan, Redevelopment Agency; Tami Strauss, Community Development Planning Director, Council Member Bruce Kimmel; Council Member Michelle Maggio; Common Council Member, Richard Bonenfant; Bruce Chimento, Director, Public Works; Mike Mocciae, Director, Parks & Recreation, Gino Gatto; Asst. Chief, Norwalk Fire Department; Christine Bradley, Director, Norwalk Public Library; Sherelle Harris, Asst. Director, Norwalk Public Library; Michael Docimo, Administrative Services Manager, Norwalk Police Department; David Westmoreland, Historical Commission, Frank Sarno, IT Dept.; Lunda Asmani, Director, Management & Budgets; Darlene Young, Human Services & Fair Rent; Diane Lauricella; Eric Rains, Stephanie Pelletier; Tom Hamilton, Finance Director, Board of Education; Michael Lyons, Chairman, Board of Education; Michael Barbis, Vice Chair, Board of Education, Bryan Meek, Board of Education; Becky Aurilio; Mr. Pote

PUBLIC HEARING-FY 2017-2018 CAPITAL BUDGET-CONSIDER ALLOCATIONS AND APPROVE ADVANCEMENT TO THE COMMON COUNCIL

Chairman Kydes opened the public hearing at 7:00PM.

Ms. Pelletier representing Capital Equities said she is there to express their support on behalf of ownership for funding the $500,000 that is being requested by the Redevelopment Agency for the park at 50 Washington Street. She said that the park is such a critical element to the vibrancy of not only SONO but to Norwalk itself in general, and it is a terrific asset that needs to be repaired to acceptable shape so that we can entertain our community in the way that it wants to be entertained. She said that she urges the committee for the full funding of the program.

Becky Aurilio, President of the PTO of Cranbury Elementary School said that she is hoping that everyone will vote to fund the Board of Education's budget, and that she has been on the PTO for six years and has been through a lot of budget cycles, and this is the best she has ever seen and that everyone tried to come up with the best solutions.

Eric Reins said that he is the landscape architect for the park and that he echoes everything that Ms. Pelletier said and said that he can assist if anyone had any questions regarding the park.

Mr. Pote said he is there of behalf of the Governance Council at Jefferson Elementary School and that he is in support of the Board of Education's budget and of the improvements to the schools.

Ms. Lauricella said the she compliments the Common Council, Mayor Rilling and the Board of Education for trying to establish a common ground, and discussed possibly taking a look at Public Works regarding the storm water management program, and that it is very good to get a handle on the planning to avoid some of the flooding. She will be speaking to Mr. Chimento regarding a green infrastructure, and that other towns in the state are doing it and it uses more than just the traditional pipes and underground engineering, and she hopes that one day there will be an across the board policy and that it will save money. She said that the city should hire at least a part time energy manager to optimize savings on any city buildings and to look at a comprehensive approach. She spoke about alternative energy solutions and said that she absolutely feels that the amount is very low. She spoke about the Water Pollution Control Authority and said while she is pleased that dollars are being invested into the sludge control building she wants to be sure that any upgrade is sufficient. She spoke about the Testa Field turf replacement and West Rocks School and that she has sent emails on the dangers associated with turf fields and distributed a pamphlet and that she has asked that there be a moratorium and that she is requesting that a zero be put on any repairs. She said in conclusion she want to do a comprehensive approach to clean energy but first to do audits of the buildings and do bench marking to be sure we are getting the best bang for the buck.

Chairman Kydes closed the public hearing at 7:12PM

2. CALL TO ORDER

Chairman Kydes called the meeting to order at 7:12PM.

ROLL CALL

Chairman Kydes called the roll and everyone listed on the attendance was present.

PUBLIC PARTICIPATION

I. APPROVAL OF MINUTES

A) JANUARY 30, 2017 Special Meeting
** **MR. LIVINGSTON MOVED TO APPROVE THE MINUTES.**
** **MOTION PASSED UNANIMOUSLY.**

B) March 2, 2017 Regular Meeting
** **MS. O'TOOLE-GIANDURCO MOVED TO APPROVE THE MINUTES.**
** **MOTION PASSED UNANIMOUSLY.**

C) March 9, 2017 Special Meeting
** **MR. IGNERI MOVED TO APPROVE THE MINUTES.**
** **MOTION PASSED UNANIMOUSLY.**

II. BUSINESS

A. FY 2017-18 CAPITAL BUDGET.

1. Review allocations.

- Police- No comments
- Fire- No comments
- Parking Authority- Mr. Hempstead said for the record that their projects are based on their incoming revenue to service the debt service just as is the Water Pollution Control Authority, and that is why they are authorities.
- Library- Mr. Kimmel said that $35,000 for strategic planning seems low and asked what the nature of the plan is. Ms. Bradley said that there is $35,000 also available from the previous year for a total of $70,000. Mr. Kimmel asked if the timeline to spend the money is somewhat dependant of the disposition of the land in the area. Ms. Bradley said "yes". Mr. Kydes asked what the study will achieve. Ms. Bradley said that a strategic plan has not been done since 2000 for library services in general, and now it seems there may be an opportunity to expand to modernize the building and parking and that is why they are requesting the additional amount. Mr. Livingston asked if part of the plan is to look at other resources and how to maximize people using the library. Ms. Bradley said that the usage has increased 30%, and the circulation of physical materials have gone down 10% each year for the past three years. She said that the use of the building and the Wi-Fi have skyrocketed and are

looking to expand that. Mr. Livingston asked what the timing of the study is. Ms. Bradley said they would like to have an RFP out this summer and have the report back within a year. Ms. O'Toole-Giandurco said there is nothing like still reading a real book to a child and it's great to see the strength of the program, and that there are many people in the library every day. She said that the use may be changing but the need is still there. Ms. Bradley said that between the two buildings there were over 660,000 visitors last year.

Historical Commission- Mr. Westmoreland said that he would like to point out that there is a $500,000 offset in the total of less revenues and that is reflecting a state grant. Discussion ensued regarding the wpa murals and Mr. Westmoreland said that there will be an exhibit to cover all the wpa murals at the new museum, and it will also cover controversial issues. He said that the Historical Societies funding $10,000 to do some of the research development of that exhibit, and the commission is recommending $15,000 for the production of the exhibit itself. Mr. Livingston asked if the capital budget is flat from last year. Mr. Westmoreland said "yes".

- Human Services & Fair Rent- No comment

- IT Dept- No comments

- Heath Department- No comment

- Sixth Taxing District- Mr. Kimmel asked if past practice is being followed regarding the interest rates. Mr. Asmani said "yes" and that the city will issue the bonds on their behalf so they can take advantage of the city's interest rates.

- Planning & Zoning- Mr. Livingston asked where the funding for the POCD is. Mr. Asmani said that it is in the operating budget.

- Redevelopment Agency- Mr. Kimmel said that over the next five years that $100,000 was recommended for public art, and the request is for $500,000 and asked if there was a plan for that. Mr. Sheehan said that $100,000 annually does not get a lot of art and usually when they apply for grants there is a ten to twenty percent match, and that was the intent with the $100,000. Mr. Kimmel asked if they would be able get the matching funds if no funds are set aside. Mr. Sheehan said "no". Ms. Bowman asked Mr. Sheehan if he was aware that on June 22, 2016, that Mayor Rilling and Mr. Hamilton, Mr. Coppola and Ms. Beltz-Jacobson wrote a letter to DEEP requesting the conversion of that property, and said that in South Norwalk they are not interested in losing any open space and she provided a copy of the letter for the record.

NORWALK
The Sound of Connecticut

CITY OF NORWALK
Office of the Mayor
and the City Clerk
norwalkct.org
P: 203-854-7701 / F: 203-854-7939
Norwalk City Hall
125 East Avenue, PO Box 5125
Norwalk, CT 06856-5125

June 22, 2016

Mr. David Stygar, Environmental Analyst
Connecticut Department of Energy
and Environmental Protection
79 Elm Street
Hartford, CT 06106

Re: Property Conversion - 50 Washington Street Plaza and Springwood Ely Park

Dear David:

As you are aware, the City of Norwalk is interested in converting two separate parcels of land that are currently encumbered by Open Space Dedication Agreements. These include the plaza at 50 Washington Street ("Washington Street Plaza") and the Nathaniel Ely/Springwood Ely Park ("Springwood Park"). In exchange for the conversion of these properties we are proposing substituting two parcels of unimproved land. The first parcel consists of approximately 10 acres located at 194 Richards Avenue, situated along the side and rear area surrounding the Norwalk Community and Technical College. The second parcel consists of 1.559 acres located at 127 Fillow Street. Both properties would be improved as neighborhood parkland. In the case of the first parcel, we propose clearing the land and building walking trails and an outdoor recreational area. The second parcel is being considered for development as a community garden.

50 Washington Street Plaza

The Plaza is currently subject to a Dedication Agreement, dated June 27, 1986, identified as Connecticut Open Space Project #110. The parcel contains 0.794 acres of land in an urban setting zoned as "South Norwalk Business District." It is currently being used as a public plaza situated adjacent to a multiple story office building. A 2014 appraisal valued the open space easement at Seventy Thousand Dollars ($70,000). This is based on the proximity of the Plaza to the downtown urban neighborhood (See copy of the Dedication Agreement and the 2014 appraisal, attached to this letter for your reference as **Exhibits A and A-1**).

Springwood Ely Park/Nathaniel Ely School

The City acquired the property comprising 11 Engalls Avenue in stages from 1946 through 1954 (See copy of Title Search attached hereto as **Exhibit B**). Around 1956 the property was developed as the Nathaniel Ely Elementary School. In 1979, the City developed a remaining portion of the property into a public park known as the Springwood Ely Park, improving the land by installing tennis courts and a ball field. These improvements were funded by State Open Space and Federal Land and Water Conservation grant funds (Federal Development Project Fed 09-00234 as shown on map # 234). Pursuant to the applicable grant requirements, the City accepted a Dedication Agreement originally dated 1979 and subsequently resigned and re-recorded in 1990 (See copy of the Dedication Agreements attached hereto as **Exhibits C** and **C-1**).

The Nathaniel Ely Elementary School was eventually closed and on November 13, 1990, the Norwalk Board of Education voted "to return the [Nathaniel Ely School] building to the City effective July 1, 1991." In 1991 the City entered into a lease agreement with NEON, Inc. the local antipoverty organization, "for the use of the Nathaniel Ely School for the purpose of running the Head Start Program" (See copy of Common Council action, dated January 8, 1991, attached hereto as **Exhibit D**).

During the ensuing years the Nathaniel Ely building was shared by: NEON Inc, which used it for child day care purposes; the Springwood Health Center, which operated a neighborhood health clinic in the building; and the Norwalk Housing Authority ("NHA"), which used certain rooms for neighborhood events. Since 1995, Norwalk Grass Roots Tennis, Inc. has conducted a successful educational program at the tennis courts and modular building situated on the site.

NEON, Inc. and the Springwood Ely Health Center eventually vacated the property. The building is presently occupied by a third party child day care provider pursuant to a Management Agreement with the City. This Management Agreement obligates the tenant to operate the building for purposes of providing child day care services pursuant to and consistent with the terms of a Loan Agreement between the City and the Connecticut Health and Educational Facilities Authority ("CHEFA") (See the Management Agreement, dated June 25, 2014, attached hereto as **Exhibit E** and the First Amendment to Management Agreement, dated November 3, 2015, attached hereto as **Exhibit E-1**). The day care operations at the Nathaniel Ely Center are additionally subject to certain terms and requirements set out in the grant agreement between the City and the State Department of Education Office of Early Childhood ("OEC") (See the current Grant Agreement between City and OEC, and the Subgrant Agreement between the City and NHA dated October 31, 2014, attached hereto as **Exhibits F** and **F-1**, respectively)

The Original Loan Agreement was executed by the City and CHEFA in 2006. This was subsequently replaced by the April 1, 2015 Loan Agreement based on the reissued revenue bonds refunding the outstanding maturities of the Refunded Bonds (See the Loan Agreement, dated April 1, 2015, attached as **Exhibit G**). The current Loan Agreement contains certain "Facility Covenants" which, among other things (in paragraph 5.B.3), requires that the facility be operated "as a preschool child care and child development center," with minimum enrollment in the preschool child care and child development programs. For as long as the bonds that were issued pursuant to and in connection with this Loan Agreement remain outstanding, the building must be used for purposes of child care in compliance with the stated enrollment requirements. Currently, the City and the Norwalk Board of Education are discussing the possibility of repurposing the former Nathaniel Ely School building as an intradistrict prekindergarten through grade eight public school.

The Board is in the process of engaging a professional architect to draft preliminary/schematic plans for the proposal. The current estimate is for the design work to be under contract by late July or early August and for the actual work to commence at that time. We will keep you updated regarding the progress and will provide you with a copy of all plans and maps once they become available.

We do need to address the fact that the Dedication Agreement describes the property subject to the restrictions by referencing the deeds for the entire school property, which includes the area on which the school facilities are located (building and parking lot). At a minimum we need to amend the Dedication Agreement in order to omit the developed area and limit the description of the encumbered land to the recreational area which was developed with the use of the State and Federal funding.

Proposed Replacement Property: Richards Avenue and West Cedar Street

This site was formerly part of the John D. McGrath Elementary School, a public school operated by the Norwalk Board of Education. In early 1984 the Board of Education voted to return the school site to the City of Norwalk "for the purpose of housing the Norwalk Community College." In October 1985, this transfer to the State took place with the City retaining approximately 10 acres of land bordering the college facilities, buffering it from the surrounding residential neighborhood. This property has always been open, unimproved land consisting of wooded areas and some wetlands. It was never developed into or maintained as parkland and never in any way dedicated as parkland by the City. Our proposal is to develop this as a park with walking trails and related amenities. Because it is adjacent to a residential neighborhood, access will be from the local street as well as from the college campus.

127 Fillow Street

This is an over 1.5 acre lot in a residential area which currently has a frame detached garage and a two-story frame house located on it (See the Existing Conditions map attached hereto as **Exhibit H**). While there were plans to sell the property for development, the City purchased it with the hopes of improving it as a community garden and open space area. This property could be open to the public in a similar manner as the Fodor Farm property, also located in Norwalk.

We hope that we can work together to achieve our goals of maximizing the open space land in Norwalk to provide the most appropriate and beneficial recreational land to our citizens. Please review this proposal and let us know if you have any questions. Otherwise City staff looks forward to meeting and discussing this opportunity with you as soon as your schedule permits.

Thank you for your help in this matter.

Very Truly Yours,

Harry W. Rilling

Harry W. Rilling, Mayor
City of Norwalk

Enclosures

C: Steven Adamowski, Superintendent of Schools
Thomas Hamilton, Chief Financial Officer
Mario F. Coppola, Corporation Counsel
Diane Beltz-Jacobson, Assistant Corporation Counsel

{00016899.DOCX 1}

Ms. Bowman said they were not aware that their open space was being offered up, and would like to see the open space improved and not sold off and in any other district their space is not sold off. She said that when Habitat for Humanity wanted to build behind Norwalk Community College it was rejected by this council, because they value their open space and asked Mr. Sheehan if he is aware of the city trying to get rid of the open space. Mr. Sheehan said he is not aware of the city trying to change the designation of that park not to be a public park, and they certainly want the 50 Washington Street plaza to remain a public park in perpetuity. Mr. Mocciae said that there is a covenant on 50 Washington Street with the State of Connecticut because the city took grant funding under specific conditions, and this is to switch that covenant that restricted the city from doing things in the park which if the state and the National Park service agree to swap that covenant to the parcel in West Norwalk, the city would then be free to do other programming in that park which can't be done now but there is no change in the designation. Ms. Bowman said that an appraisal of the property was done which makes her believe that it is going to be sold. Mr. Mocciae said that the appraisal is a formality that the states requests to be sure that prior to the swap that the property is valued the same or more than the property that the covenant will be on. Mr. Kimmel said that it was his understanding that the park would be improved as a park. After further discussion Mr. Sheehan recommended that the Corporation Council answer Ms. Bowman's questions as to what they are working on. Mr. Kydes requested that an e-mail be sent to Corporation Council to get them involved. Mr. Hempstead asked if a preliminary site plan has been done for the park. Mr. Sheehan said "yes" that Mr. Reins has done one and there is a concept design that has been reviewed and is still getting feedback from the community. Mr. Hempstead asked Mr. Sheehan to define community. Mr. Switzer said that the plan is on the website and there was a public workshop held and that the members of council were invited to attend. Mr. Sheehan said that a plan is being developed to bring it to the Parks and Recreation Committee. Mr. Hempstead requested that the plan be sent to the Common Council members. Mr. Livingston said that $500,000 was requested and that only $300,000 was recommended and asked what that does to the plan. Mr. Sheehan said that it significantly impairs the plan, and ultimately will not have sufficient funding to implement what they originally had as a concept. Mr. Livingston asked Mr. Sheehan if he is suggesting that this can't be done for $300,000. Mr. Sheehan said he would not recommend advancing without having a sense of full funding of what the plan is.

- Parks and Recreation- Mr. Kydes asked if the $1.9 million being requested is for the docks. Mr. Mocciae said "yes" Mr. Kydes asked if that is for completion. Mr. Mocciae said "yes" and they are now finishing the launch ramps and the parking lot. Mr. Kydes said that $25,000 was requested and the Mayor recommended $60,000 for the paving sidewalk projects and asked what the reasoning is. Mr. Mocciae said for the paving of the tennis court at West Rocks School so that the play area can be extended.

- Public Works- Mr. Kimmel said he is still not clear on the process of how it gets decided on which sidewalks get done with the roadwork, and where is the account that deals with sidewalk repair when they need to be repaired. Mr. Chimento said that DPW repairs the sidewalks in-house out of the operating budget, but that there is an item in the capital budget for concrete sidewalks and curbs that goes along with the paving program. Mr. Kydes asked about the drainage in the Honeysuckle area. Mr. Chimento said a lot of research has been done in that area, and that some things are being done in-house in that area to elevate some of the drainage problems, and that there will also be another program this year to install additional drainage pipes, and that they have also hired a consultant. Mr. Kimmel said that the request for footpath replacement is only $100,000 and asked what that will be used for. Mr. Chimento said that an accounting of footpaths was done last year and have compiled a list of the footpaths that need to be replaced, and that is what the request is for.

- Board of Education- Mr. Hempstead asked what is plan for the reimbursement from the state that is being factored into the request. Mr. Hamilton said on the new projects and the renovating as new projects that the current reimbursement rate is 32.5%. He said on the capital needs projects have assumed a reimbursement rate of approximately 20% because the state goes through a process deeming some of the work eligible, and some of the work ineligible and they have used a lower assumption in respect to those projects. Mr. Kimmel asked if the addition at Ponus will quality for the 32.5%. Mr. Hamilton said that they believe it will. Ms. Bowman asked if they are aware that there is a restricted covenant on Nathaniel Ely. Mr. Barbis said that the city's legal department has been working on that. Ms. Bowman asked why is it being funded in this budget and that there are several things that folks from South Norwalk wanted to consider. She said that they have met with the Emergency Preparedness Officer for the Board of Education and said that he has not been involved with the design of this project, and that a lot of infrastructure will need to change, and that there are a lot of questions that need to be answered and asked why the project is being rushed and asked how confident they are with this plan. Mr. Barbis said that they have been working on it for over a year, and that there has been a lot of outreach and has received a good response rate. There was further discussion regarding open space and Mr. Barbis said that the proposal for recreational space which is open space that is useable will be up over 24%. Ms. Bowman asked how they are calculating that because the swamp cannot be touched, and there is no additional open space being proposed. Mr. Barbis said that a lot of the open space in not useable and some of the unusable open space does decline because there will be a building there. Ms. Bowman also asked if the people on Ingalls Avenue know that there may be a need to widen their road and that their property can possibly be taken away from them. Mr. Barbis said at this point there is no project so there is nothing to talk to them about. Ms. Bowman said that there are funds being requested in the capital budget for it. Mr. Hamilton said that at this point there is no design and that it is a conceptual

site plan, and there were contingencies put in for a variety of things and determinations can't be made with any certainly until the actual design is in place, and a traffic study is done. Mr. Hamilton said that there is a state process that needs to be done in order to secure the reimbursement and that one of the conditions is that the local appropriation has to be in place, and this is a pre-requisite in order to advance this project forward, and that the board has spent over 18 months analyzing and reviewing this and had a lot of community input. He said in January the board made a decision and that is what is reflected here in the capital budget request. He said that the Common Council has an important role to play and if the money is not appropriated than the project is not going to go forward at the present time, and that 900 additional seats are needed, and they do not think they can wait another year to get the project moving because there are several hundreds of kids in portable classrooms that are getting worse and worse by the month. Ms. Bowman asked what the security plan is and requested that it be e-mailed to her. She also read a statement that she has sent to the DEEP stating that she is opposed to these changes. Mr. Barbis said that the recreational space will increase by over 40,000 square feet on the proposed plan, playground space will triple and sports space would be up by 50%, and said that he thinks that would serve the community well.

2. Approve advancing to the Common Council FY 2017-18 Capital Budget

****MR. HEMPSTEAD MOVED TO AMEND THE REQUEST TO INCREASE THE WALKING PATHS SO THAT IT IS FULLY FUNDED AT $100,000. TAKING $25,000 FROM PAVEMENT MARKING AND SIGNAGE AND $25,000 FROM SIDEWALKS.**
**** THE MOTION PASSED UNANIMOUSLY.**

**** MR. IGNERI MOVED TO APPROVE ADVANCING TO THE COMMON COUNCIL PY 2017-18 CAPITAL BUDGET.**
*** THE MOTION PASSED WITH FIVE IN FAVOR (MR. KYDES, MR. HEMPSTEAD, MR. LIVINGSTON, MR. IGNERI, MS. O'TOOLE-GIANDURCO AND ONE OPPOSED (MS. BOWMAN)**

B. NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM FOR 2017.

1. Approve scheduling a Public Hearing on 2017 NAA-TCP applications to be held on May 4, 2017.

**** MR. LIVINGSTON MOVED TO APPROVE THE ITEM.**
**** THE MOTION PASSED UNANIMOUSLY.**

C. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

1. Approve advancing the Draft PY43 Annual Action Plan (AAP) to the Common Council as amended.

   **** MR. IGNERI MOVED TO APPROVE THE ITEM.**
   **** THE MOTION PASSED UNANIMOUSLY.**

2. Approve advancing to the Common Council authorization for the Mayor to execute any and all documents associated with the PY43 AAP.

   **** MR. IGNERI MOVED TO APPROVE THE ITEM.**
   **** THE MOTION PASSED UNANIMOUSLY.**

III OLD BUSINESS

There was no old business discussed.

IV NEW BUSINESS

There was no new business discussed.

5. ADJOURNMENT

**** MR. HEMPSTEAD MOVED TO ADJOURN.**
**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:45PM.

Respectfully submitted,

Dilene Byrd
Telesco Secretarial Services

CITY OF NORWALK
PLANNING COMMITTEE OF THE COMMON COUNCIL
SPECIAL MEETING
APRIL 17, 2017

ATTENDANCE: John Kydes, Chair; John Igneri; Tom Livingston; Shannon O'Toole-Giandurco; Doug Hempstead

OTHERS: Council Member Bruce Kimmel

CALL TO ORDER

Mr. Kydes called the meeting to order at 7:00 p. m. A quorum was present. Mr. Hempstead recused himself and exited the meeting at 7:03 p. m.

PUBLIC PARTICIPATION

Mr. Kydes stated that members of the public would be invited to come forward after GGP makes its presentation to the committee.

I. BUSINESS

A. REED PUTNAM URBAN RENEWAL PLAN AREA

1. Review approve advancing to the Common Council the proposed modifications requested by Norwalk Land Development LLC to the Reed Putnam Urban Renewal Plan and Amendment #4 of the Land Disposition Agreement

** **MR. IGNIRI MOVED TO APPROVE ADVANCING TO THE COMMON COUNCIL THE PROPOSED MODIFICATIONS REQUESTED BY NORWALK LAND DEVELOPMENT LLC TO THE REED PUTNAM URBAN RENEWAL PLAN AND AMENDMENT #4 OF THE LAND DISPOSITION AGREEMENT.**

Mr. Douglas Adams, Mr. William Hennessey, and Mr. Paul Madden came forward in favor of the item.

Mr. Adams stated that under the current LDA, if the hotel part of the plan becomes infeasible, GGP is entitled to request that the hotel part of the plan can be changed and office space or residential use can take its place. He stated that nowhere in the LDA is it specified what would happen if all three – hotel, office, and residential use are infeasible. He stated that the return on investment on a hotel would be about 4.4%, the return on investment on office space would be about 4.29%, and the return on investment for residential space would be about 3.3%. He stated that in all three cases, the return is too low to justify an investment.

Mr. Adams stated that the current plan requires anchors of high quality. He stated that GGP would like the definition of high quality broadened. He stated that the definition would be expanded to include high end grocery stores and movie theaters.

Mr. Adams stated that GGP would like to build the retail and public realm portions of the SoNo Collection as currently proposed and approved, but not to include a hotel, office, or residential use. 5% of the project would be dedicated to public realm space. He stated that, in its place, GGP would like to contribute $3.5 million to the City with the intention that the funds be used to benefit the community. He stated that the $3.5 million is in addition to the $550,000 circulator payment which was received by the City last week and the $1,022,500 payment for City easements necessary to receive a building permit.
Mr. Paul Madden provided pictures of the proposed site and showed the layout of the proposed project.

Mr. Hennessey stated that GGP wishes to amend the LDA to allow for the elimination of hotel, office space, and residential requirements from the plan. He stated that the URP must be amended so it is consistent with the proposed changes to the project. He stated that City Zoning Regulations need to be amended and approvals need to be given as necessary to accomplish the proposed changes to the project. Mr. Hennessey stated that GGP wishes to complete the retail and public realm components of the SoNo Collection to allow for occupancy in October 2019. He stated that in order for all of this to occur, GGP requires all necessary revisions and approvals to be completed within 60 days.

PUBLIC PARTICIPATION

Ms. Margaret Kozlar came forward in opposition to the item. She stated that the timeline should not be driven by the need to get the high end department store leases signed. Once the shovels hit the ground, things become more complicated. She stated that it is not clear why a high end mall would be feasible if the hotel and residential parts of the plan are not feasible. She stated that the $3.5 million payment will be a one-time payment. It is not enough to justify a project that will impact Norwalk for decades. She stated that there are high end shopping areas in surrounding towns. Norwalk is not a city that will support high end shopping. An outlet mall would be a better fit for Norwalk.

Ms. Ann Kehoe came forward in opposition to the item. She stated that an outlet mall would be better than an upscale mall. She stated that outlet malls attract customers from a wide area, and would add value to the city.

Mr. Bill Nightingale came forward in favor of the item. He stated that the city should not be micro managing the mall development. We should not be subsidizing private investment and giving property tax abatements to specific businesses. Once one business gets a subsidy, other businesses will expect them, too. There should be a level playing field.

Ms. Mellody Ragin came forward in favor of the item. She stated that we should be happy that someone has come in to make an investment in Norwalk. She stated that the city will support a high end mall. She stated that we have high end shoppers that do not wish to go to surrounding towns to shop.

Ms. Diane Cece came forward in opposition to the item. She stated that pending litigation could hold us hostage with this project. It seems that the mall has become too big to fail. She stated that removing the hotel from the plan reduced revenues and reduces job creation. She stated that if this project was

brought forward from the beginning in this current form, it would not have been approved. She stated that the $3.5 million payment should be at least $6.8 million.

Mr. Kydes closed the public participation.

** **THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT

** **MR. IGNIRI MOVED TO ADJOURN.**
** **THE MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:39 p. m.

Respectfully submitted,

Tom Blaney
Telesco Secretarial Services

THE PLANNING COMMITTEE OF THE COMMON COUNCIL

125 East Avenue
P.O. Box 5125
Norwalk, CT 06856

TO: MEMBERS, PLANNING COMMITTEE OF THE COMMON COUNCIL

FROM: TAMI STRAUSS, DIRECTOR OF COMMUNITY DEVELOPMENT PLANNING

RE: 2017 NEIGHBORHOOD ASSISTANCE ACT (NAA) TAX CREDIT PROGRAM

DATE: APRIL 26, 2017

The City of Norwalk received 13 applications for Connecticut's 2017 Neighborhood Assistance Act Tax Credit Program (NAA-TCP), which provides a tax credit to business firms making cash investments in qualifying community programs conducted by tax exempt or municipal agencies. Please note:

- This is not a Norwalk grants program, nor are any funds controlled by the City of Norwalk involved.
- The City's role is one of acknowledging the existence of the non-profits, their proposed services to the community, and their stated needs to the state and corporate seekers of tax credit opportunities.
- Application review and award of tax credits is carried out by the State's Department of Revenue Services.

Under statute, the non-profits must be referred by the local legislative body following a public hearing. This hearing is scheduled to take place at the Planning Committee meeting on May 4, 2017. Following the public hearing, the Committee is asked to advance to the Common Council any or all of the following applications received. The full applications are posted here:
http://www.norwalkct.org/1709/Neighborhood-Assistance-Act-Tax-Credit-P

Organization	Program Title	Amount Requested	Credit % Requested
Broad River Homes	Window Replacement	$110,000	100%
CT Radio Information Systems	Audio Access for People who are Blind or Print Challenged (Norwalk)	$19,209	60%
Human Services Council	One Park Street Interior Improvements	$122,650	60%
Maritime Aquarium	Building Management System - Technology Update	$150,000	100%
Mid Fairfield AIDS Project	9 Moore Place Solar Panels	$100,000	100%
North Guilford Studios	Virtual Tours on Google maps (Norwalk)	$150,000	60%
North Guilford Studios	Virtual Tours for Energy Conservation on Google Maps (Norwalk)	$150,000	100%
Norwalk Community Health Center	Dental Radiography Machines	$30,000	60%
Norwalk Housing Authority	Roodner Court Energy Efficiency	$100,338	100%
Norwalk Housing Foundation	College Scholarship Program	$150,000	60%
Open Door Shelter	Job Training for Homeless Individuals	$150,000	60%
Rowayton Senior Housing	Going Green Initiative	$150,000	100%
South Norwalk Community Center	Computer Training Course	$24,239	60%

REQUESTED ACTION:

1. Determine which, if not all, of the 2017 NAA tax credit program applications should be recommended for program inclusion.
2. Advance the recommended applications to the Common Council for approval of their inclusion in the 2017 NAA tax credit program.

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

25 Sigourney Street
Hartford CT 06106-5032

IP 2015(13)

INFORMATIONAL PUBLICATION

The Connecticut Neighborhood Assistance Act Tax Credit Program

Purpose: This Informational Publication explains the Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program.

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-630aa et. seq.

Definitions: For purposes of the NAA tax credit program:

Business firm means any business entity authorized to do business in Connecticut and subject to any of the following taxes:

- Insurance Companies and Health Care Centers (Chapter 207);
- Corporation Business (Chapter 208);
- Air Carriers (Chapter 209);
- Railroad Companies (Chapter 210);
- Certified Competitive Video Service Companies (Chapter 211);
- Community Antenna Television System Companies (Chapter 211);
- Satellite Companies (Chapter 211);
- Utility Companies (Chapter 212); **or**
- Business Entity (Chapter 213a). For purposes of a business entity subject to the Business Entity Tax, the credit may only be used by the members or partners of the entity that are subject to the Corporation Business Tax.

Donation of money to an open space acquisition fund means money contributed to an open space acquisition fund of any political subdivision of the state or any nonprofit land conservation organization.

The money must be used for the purchase of land, interest in land, or permanent conservation restriction on land to be permanently preserved as protected open space.

Energy conservation projects means programs to promote energy conservation that are directed toward properties where at least 75% of occupants are at an income level not exceeding 150% of the poverty level for the year immediately preceding the year during which the tax credit is to be granted or at properties owned or occupied by charitable corporations, foundations, trusts, or other entities. Such projects include, but are not limited to:

- Energy conserving modification or replacement of windows and doors;
- Caulking and weather-stripping;
- Insulation;
- Automatic energy control systems;
- Hot water systems;
- Equipment required to operate variable steam, hydraulic, and ventilating systems;
- Replacement of burners, furnaces, or boilers;
- Electrical or mechanical furnace ignition systems; **or**
- Replacement or modification of lighting fixtures.

The Connecticut Neighborhood Assistance Act Tax Credit Program: The NAA Tax Credit Program provides a tax credit to business firms that make cash investments in qualifying community programs conducted by tax exempt or municipal agencies.

The credit may be applied against the following taxes:

- Insurance Companies and Health Care Centers (Chapter 207);
- Corporation Business (Chapter 208);
- Air Carriers (Chapter 209);
- Railroad Companies (Chapter 210);
- Certified Competitive Video Service Companies (Chapter 211);
- Community Antenna Television System Companies (Chapter 211);
- Satellite Companies (Chapter 211); **and**
- Utility Companies (Chapter 212).

The community programs must be approved by both the municipality in which the programs are conducted and by the Department of Revenue Services (DRS).

Community Programs That Qualify for the NAA Tax Credit Program: Listed below are examples of the types of programs that qualify for the NAA tax credit and the amount of the available credit.

A tax credit equal to 100% of the cash invested is available to business firms that invest in energy conservation projects.

A tax credit equal to 60% of the cash invested is available to business firms that invest in programs that provide:

- Neighborhood assistance;
- Job training;
- Education;
- Community services;
- Crime prevention;
- Construction or rehabilitation of dwelling units for families of low and moderate income in the state;
- Donation of money to an open space acquisition fund;
- Child day care facilities;
- Child care services;
- Employment and training programs directed at handicapped persons;
- Employment and training programs for unemployed workers who are 50 years of age or older;
- Education and employment training programs for recipients in the temporary family assistance program;
- Community-based alcoholism prevention or treatment; **or**
- Any other program which serves a group of individuals where at least 75% of the individuals are at an income not exceeding 150% of the poverty level for the year immediately preceding the year during which the tax credit is to be granted.

Obtaining Approval for the NAA Tax Credit Program: Tax exempt entities and municipal agencies desiring to obtain benefits under the NAA must complete **Form NAA-01**, *Connecticut Neighborhood Assistance Act Program Proposal*, Parts I, II, and III and submit the form to the municipal agency overseeing the implementation of the proposal. The overseeing municipal agency then completes Form NAA-01, Part IV and submits the form to DRS on or before July 1 of each year. Prior to submitting Form NAA-01 to DRS, each municipality must hold a public hearing on all program applications. The governing body of the municipality must vote to approve the programs. Copies of the public hearing notice and minutes of the meeting approving the programs must be submitted by the municipality to DRS with the approved program proposals.

Limits on the Amount of Contributions That May Be Made or on the Amount of Tax Credit Available: The NAA Tax Credit Program has several statutory limits which must be observed, including the following:

- A business firm is limited to receiving $150,000 in tax credits annually; however, the amount of tax credit allowed any business firm for investments in child day care facilities for any income year may not exceed $50,000.
- The minimum contribution on which a tax credit can be granted is $250.
- Any organization conducting a program or programs eligible for funding under the NAA is limited to receiving an aggregate of $150,000 of funding for any program or programs for any fiscal year.
- The total amount of all tax credits allowed in any fiscal year is $5 million, which, if exceeded, results in prorating the approved tax credits among the approved organizations.

Business Applications Deadlines: Each business firm requesting a tax credit under the NAA Tax Credit Program must complete a separate **Form NAA-02**, *Connecticut Neighborhood Assistance Act (NAA) Business Application*, for **each** program it wishes to sponsor. Form NAA-02 must be submitted to DRS on or after September 15 but not later than October 1 of each year. Business firms may electronically submit their application by emailing a signed Form NAA-02 to **NAAProgram@ct.gov**. Any application that is not electronically submitted may be mailed or hand-delivered to DRS.

Claiming the Tax Credit: DRS issues an NAA program approval letter to business firms that make cash investments in qualified community programs. The letter indicates the tax credit amount that may be claimed on the applicable business tax return. The tax credit amount must also be entered on **Form CT-1120K**, *Business Tax Credit Summary,* and/or **Form CT-207K**, *Insurance/Health Care Tax Credit Schedule.*

Carry Back Provisions: The amount of tax credit that is not taken on the tax return of a business firm for the income year beginning during the calendar year in which the program proposal was approved may be carried back to the two immediately preceding income years (beginning with the earlier of the years). No carry forward is allowed.

Obtaining Additional Information: Direct inquiries to:

Department of Revenue Services
Research Unit
25 Sigourney St Ste 2
Hartford CT 06106

Call: **860-297-5687**

Email: **DRS.TaxResearch@po.state.ct.us**

Effect on Other Documents: Informational Publication 2013(9), *The Connecticut Neighborhood Assistance Act Tax Credit Program*, is superseded and may not be relied upon after the date of issuance of this Publication.

Effect of This Document: An Informational Publication issued by DRS addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

Related Forms and Publications: Request the most recent edition of the following forms: **Form NAA-01**, *Neighborhood Assistance Act Program Proposal*, and **Form NAA-02**, *Neighborhood Assistance Act Business Application*.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Visit the DRS website at **www.ct.gov/DRS** to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential): Business and individual taxpayers can use the **Taxpayer Service Center (*TSC*)** at **www.ct.gov/TSC** to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the ***TSC*** to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the ***TSC***. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at **www.ct.gov/DRS** and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.

THE PLANNING COMMITTEE
OF THE COMMON COUNCIL

125 East Avenue
P.O. Box 5125
Norwalk, CT 06856

To: Members of the Planning Committee of the Norwalk Common Council
From: Tami Strauss, Director of Community Development Planning
Date: April 27, 2017
Re: Section 108 Loan for the Wall Street Theater

In June 2013, the Common Council approved the Redevelopment Agency to advance to HUD an application for a Section 108 loan guarantee for the redevelopment of the old Globe Theater on Wall Street. In September 2015, HUD approved the City of Norwalk's request for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974 for the Globe Theater Redevelopment Project to be named the Wall Street Theater in the amount of $1,666,000.

As reviewed with the Planning Committee in September 2014, HUD stipulated that the Norwalk Redevelopment Agency (NRA) is to be the Section 108 borrower. The Norwalk Redevelopment Agency agreed to assume that responsibility in September 2014.

In May 2016 a Consent Resolution was approved by the Common Council that stated that prior to the Redevelopment Agency closing on a loan with the Wall Street Theater Company Inc. that the Redevelopment Agency would have underwritten the loan and made such underwriting available to the Common Council prior to closing the loan, and that approval of the closing would not be unreasonably withheld.

In May 2017, the Redevelopment Agency approved the attached term sheet for the Section 108 loan to the Norwalk Redevelopment Agency from the City of Norwalk.

Financial Underwriting
The Norwalk Redevelopment Agency received the attached Executive Summary from High Impact Financial Analysis, the firm selected to underwrite the loan. The memo describes the underwriting process and has determined that:

- The projected operations of the theater are sufficient to make payments under the subject financing as required.
- Collateral coverage is strong based on an as complete appraisal of the theater building.
- The project meets the community and economic development objective of the Agency and Program.

High Impact's analysis is based, in part, upon an Agency commissioned June 2016 appraisal valuing the as-completed theater at $5.6 million. An August 2016 appraisal commissioned by Patriot National Bank, the construction lender on the Theater, values the as-completed theater at $11,785,000, strengthening the collateral coverage of the loan.

Action Requested

Approve the term sheet for the Section 108 loan from the City of Norwalk to the Norwalk Redevelopment Agency.

Approve advancing to the Common Council the approval of the Redevelopment Agency to close the Section 108 loan with the Wall Street Theater Company.

SUMMARY OF TERMS AND CONDITIONS

Lender:	Department of Housing and Urban Development
Borrower:	Norwalk Redevelopment Agency on behalf of the City of Norwalk
Address:	125 East Avenue, Room 202 Norwalk CT 06851
Loan Amount:	$1,666,000
Purpose:	HUD national objective of the elimination of slum and blighted conditions in the Wall Street Redevelopment Area through the renovation of the Wall Street Theater located at 71 Wall Street Norwalk CT
Rate:	90-day LIBOR plus 20 basis points, adjusted monthly. Converts to fixed rate upon public offering.
Term:	20 years
Payments:	Principal and accrued interest due monthly Principal Schedule: Months 1-24: $2,000 per month Months 25 – 48: $4,000 per month Months 49-240: $7,916.67 Final payment will be in the amount equal to all unpaid principal, interest, penalties, and fees then outstanding.
Source of Repayment:	All principal and interest payments made by the Wall Street Theater Company, Inc. to the Redevelopment Agency on its loan will be used to service the Section 108 debt. The Norwalk Redevelopment Agency assumes no additional financial obligation for the repayment of the Section 108 loan.
Disbursement:	All funds disbursed at closing
Guarantor:	Guaranteed through the HUD Section 108 Program by the City's pledge of future Community Development Block Grant awards. Such guarantee will be called in the event of a default on the Norwalk Redevelopment Agency's loan to the Wall Street Theater Company, Inc. which is being made on behalf of the City of Norwalk and is contingent on this guarantee.

Financing Proposal Summary
Prepared for Norwalk Redevelopment Authority

I. Proposed Financing Fact Sheet

Basic Information	
Beneficiary Name & Address	Wall Street Theater Company, Inc. 14 Mead Ave. Cos Cob, CT 06807
Project Name & Address	Wall Street Theater 71 Wall Street Norwalk, CT 06850
Economic Sector	Community Facility – Arts
Action Requested	Approval of financing to support the operations of Wall Street Theater.

Financing Summary	
Financing Amount	$1,666,000 funded through HUD Section 108 Loan to City of Norwalk
Type and Purpose	Norwalk Redevelopment Agency will provide a loan to Wall Street Theater Company, Inc. (the Beneficiary) to repay construction debt from Patriot National Bank in combination with equity from tax credit investors. The financing will support the long-term operations of the newly renovated Wall Street Theater.
Terms of Repayment	The loan will have a 20-year term and require payments under the following schedule: • Years 1-2: Quarterly payments of $6,000 • Years 3-4: Quarterly payments of $12,000 • Years 5-19: Quarterly payments of $23,750 • Year 20: Quarterly payments of $24,250 Quarterly payments are matched to annual payments due from the City of Norwalk under the HUD note.
Interest Rate	The outstanding balance of the loan will accrue interest based on a variable interest rate equal to 90-day LIBOR plus 320 basis points (4.04% as of 9/7/16). The rate will adjust monthly. The rate results in a spread of 300 basis points above the City of Norwalk's cost of funds, which is 90-day LIBOR plus 20 basis points.
Commitment Fee	0.50% ($8,300). The Beneficiary may finance the commitment fee.
Primary Repayment Source	General operations of the Beneficiary.

Collateral	First mortgage on the property at 71 Wall Street, Norwalk, CT 06850 (the Property). Assignment of leases and rents at the Property.
Guarantees	The HUD loan to the City of Norwalk that is capitalizing the subject financing is guaranteed through the HUD Section 108 program through a pledge of the City of Norwalk's future Community Development Block Grant awards.
Participating Lenders	None. The Beneficiary may seek subordinate financing, if necessary, to complete punchlist items at the Property. The City of Norwalk as lessor will have the right to approve any subordinate financing.

Metrics	
Debt Service Coverage Ratio	1.43 in Year 1, and no lower than 1.03 in any year.
Loan to Value Ratio	30% based on an as complete appraisal completed by Michaud Company, Inc. dated 6/15/2016.
Impact	• Invests in redevelopment activities that address blight within a low-income neighborhood. The theater building had been vacant and in disrepair for several years prior to commencement of the subject project. • Project is consistent with the Wall Street Redevelopment Plan adopted by the Norwalk Common Council. • Revitalizes a historically significant cultural asset. The theater has been a cultural presence on Wall Street for over 100 years.

II. Major Risk Summary

Major Risk 1: Management Capacity	
Description of Risk	The Beneficiary is a start-up entity that has not yet hired staff. Finding a quality executive director and other staff will be critical to the success of the day-to-day operations of the theater and repayment of the financing. The Beneficiary's Board of Directors has already hired and terminated an executive director once, signaling potential difficulty in finding the right personnel.
Risk Qualifier	The Beneficiary's Board of Directors has shown considerable commitment to the project, suggesting that they will work hard to identify and hire quality staff and may be involved in operations as needed. This partially mitigates the risk, but the remaining risk is considered significant.
Risk Term	Highest in the period from closing until an executive director is hired and integrated into operations. The risk would remain to some degree even after staff is hired and proven capable, however, as the small staff size creates key person risk (i.e. if the executive director leaves for any reason, the risk returns to its original level).
Recommended Action	Require that the Beneficiary notify the City of Norwalk as lessor of any management changes within 10 days of occurrence.

Major Risk 2: Special Use Collateral	
Description of Risk	The collateral is a theater building. As a result of the special use of the building, it is likely to have a limited pool of potential buyers and therefore may be difficult to sell at market value or at all if disposition of the collateral becomes necessary to repay the financing.
Risk Qualifier	The loan is equal to 30% of the value of the Property, indicating that a substantial discount could be taken on market value before risking a deficiency. The magnitude of the possible discount provides for a higher likelihood that a buyer could be found efficiently than if a lesser discount were available. Further, the guaranty provided by the Section 108 program ensures that there is no risk that the City of Norwalk will default on its related obligation, though accessing the guaranty would decrease CDBG funding availability in the future.
Risk Term	Throughout the term; would decrease after a track record of successful operations is established.
Recommended Action	No action needed beyond perfecting the security interest in the collateral.

Major Risk 3: Lack of Financial Controls	
Description of Risk	The Beneficiary does not have financial staff and cannot produce financial statements at present, though it has existed since 2013. The Beneficiary will need to improve the quality of its financial management in order to maintain appropriate accounting and finance controls and procedures to enable successful operating performance.
Risk Qualifier	The Beneficiary has minimal fundraising, spending, or other financial activity since its founding, limiting the need for financial statements. The Beneficiary has hired an outside firm to manage accounting that appears appropriate for the size and scope of anticipated operations.
Risk Term	Decreasing during the term as a track record of successful operational and financial reporting performance is built.
Recommended Action	Require that the Beneficiary provide an initial balance sheet and income statement prior to closing, and require annual audited financial statements within 180 days of year-end and quarterly unaudited financial statements (balance sheet and income statement) within 45 days of the end of each quarter throughout the term.

Major Risk 4: Financial Capacity of Beneficiary	
Description of Risk	As a startup, the Beneficiary has minimal financial capacity and no track record of operational performance. The theater's operating profitability is highly sensitive to revenue changes or unfavorable disparities in the growth of income and expenses, and if performance is below expectations, the Beneficiary may struggle to make payments under the loan as agreed.
Risk Qualifier	The Beneficiary projects sufficient revenues to pay loan payments as agreed in all years at an average debt service coverage ratio of 1.63.
Risk Term	Decreasing as the Beneficiary gains net assets and a track record of financial performance.
Recommended Action	None. The project budget does not allow for a capitalized debt service reserve or other risk mitigation tool.

III. Project Overview and Analysis

Project Summary	
Summary of Project	The Beneficiary will operate the Property as the Wall Street Theater, a general purpose theater with an audience capacity of 825 suitable for varied uses including live entertainment, conferences, and school assemblies. The theater will be positioned as Connecticut's first "next generation" theater, meaning it will incorporate technology into its programming and operations to deliver a transmedia experience to patrons. This includes state-of-the-art digital streaming technology, which provides opportunities to greatly increase audience reach and opens doors to revenue-generating partnerships with media groups, including Connecticut Public Television. The gut rehabilitation of the 16,751 square feet formerly vacant theater building, which was originally built in 1915 and had fallen into significant disrepair, is anticipated to be substantially completed in December 2016. By returning the Property to productive use, the Beneficiary is spurring increased economic activity in Norwalk and contributing to the ongoing redevelopment of the Property's surrounding neighborhood. The current redevelopment work includes reconfiguration of the building's interior, extensive asbestos remediation work, and other renovations. All work is being completed in compliance with historic renovation standards, as the project's capital sources include both state and federal Historic Tax Credits.
Project Partners	Three tax credit investors are involved in the project: • *Enhanced Capital* is an investment firm with a history of participating in public-private partnerships. It is the investor for the federal Historic Tax Credits. The company has several areas of specialization, including new markets tax credits, historic tax credits, brownfield tax credits, and renewable energy tax credits. Founded in 1999, Enhanced Capital manages its specialized investment funds from its headquarters in New York, NY and through regional offices in New Orleans, LA; Austin, TX; Birmingham, AL; Denver, CO; Jackson Hole, WY; Nashville, TN; Stamford, CT; Tampa, FL; and Washington, DC. • *Apple, Inc.* is a multinational technology company headquartered in Cupertino, CA. Apple will purchase the Digital Infrastructure Tax Credits and Green Building Tax Credits. The company designs, develops, and sells consumer electronics, computer software, and online services. • *Eversource Energy* is an energy company headquartered in Hartford, CT and Boston, MA, with several regulated subsidiaries offering retail electricity and natural gas services. Eversource will purchase the state Historic Tax Credits.

Real Estate Information	
Location	The Property is a 0.23-acre parcel located in the south central portion of the City of Norwalk in Fairfield County, CT. The neighborhood is accessed via Route 1, Route 7 and I-95, which has an exit/entrance within the neighborhood. The Property is served by several bus stops within walking distance, including one directly in front of the theater building, and is 1.3 and 1.7 miles from the East Norwalk and South Norwalk Metro-North Railroad stations, respectively. The neighborhood has a mix of commercial and retail uses along Wall Street, Main Street, West Avenue, and Route 1, with street retail, commercial, apartments, offices, and single family residences on secondary roads. The Property is located on the southeastern side of Wall Street. Small businesses occupy storefronts across the street from the Property, including a salon and barbershop, liquor store, IT provider, and others. Other uses on Wall Street Theater's side of the street include a bank, a new mixed-use residential and retail development discussed below, and lower-end restaurants. There is no parking at the site, which makes the theater nonconforming with regard to local zoning. Patrons will park at the Yankee Doodle Garage, a 564-space, underutilized garage 1.5 blocks from the site, and the to-be-built 146-space garage at the adjacent Wall Street Place, a mixed-use residential and commercial building being constructed on the same block as Wall Street Theater. The Property is located within the Wall Street Redevelopment Zone, which was established by the Norwalk Common Council with the goal of restoring the area to its former position as the urban center of Norwalk's community life. The subject project is a component of this redevelopment process. The Property is directly adjacent to the most significant part of Wall Street's redevelopment plan, Wall Street Place. This project is a 6.3-acre development to be completed in three phases. The first will include 101 residential units, 12,832 SF of retail space, and 2,875 SF of restaurant space with onsite parking for 240 cars. The Property is located in a low-income census tract. Tract median family income in 2015 was $40M, or 37% of AMI. While incomes are low, they are improving, as median family income in 2010 was $37M. Most housing units are rental units, as the census tract has 805 rental units compared to 184 owner-occupied units. Approximately three-quarters of the census tract's population are minorities. The theater is expected to draw patrons from far beyond its immediate neighborhood, including all of Norwalk and the surrounding region. The City of Norwalk has recently experienced a boom in residential construction activity, with a particular emphasis on luxury apartments. This growth may benefit the theater, as will increased residential, retail, and commercial activity in the neighborhood of the theater. The neighborhood appears to be a suitable site for a performing arts venue.

Site Control	The Beneficiary owns the facility subject to the first mortgage of Patriot National Bank, which will be taken out by the proposed financing. The Beneficiary purchased the Property for $1.5 million on 12/31/2013 from a private seller using a soft loan from the State of Connecticut Department of Economic and Community Development that will remain in the project through the permanent term.
Current Condition of Property	The Property is in the final stages of a gut rehabilitation that will have the improvements in new condition at the time of closing. The Property will have a Certificate of Occupancy in place by closing, but is expected to have a punchlist of final items to complete shortly after closing. If the estimated cost of the punchlist items is above $10,000, the Beneficiary must provide evidence of a subordinate financing commitment and/or a funded escrow account in the amount of 120% of anticipated costs. The Beneficiary currently anticipates punchlist items will exceed the $10,000 threshold by a significant margin, and that funding the punchlist may require subordinate financing. Approval of any such financing will be a closing condition of the loan.
Appraisal and Valuation	An appraisal of the Property was conducted on June 15, 2016, by Michaud Company, Inc. (Michaud), a real estate appraisal and consulting firm based in New Haven, CT. Michaud serves the State of Connecticut from its headquarters in New Haven and satellite offices in Mystic and Stamford. The report is signed by Richard Michaud, an MAI-certified appraiser and president of the company. The building has brick and steel framing structural components, first and second story glass storefronts, and a flat roof. It was first constructed circa 1915 as a theater. At the time Michaud inspected the Property, it was under construction. The building consists of 7,705 SF on the first floor, 2,038 SF on the second level, 4,391 SF on the third level balcony, and 2,617 SF of basement area (which includes dressing rooms, bathrooms, a boiler room, and some storage) for a total gross building area of 16,751 SF. The ground floor will have an open auditorium area with removable seats, which will have standing room capacity of 313 and will be useable as community gathering space and may be rented out for events. The balcony will contain 342 fixed seats. In addition to the theater auditorium space, the building will include a foyer, green room, dressing rooms, ticket office, a multi-function room on the mezzanine level, and a lounge/bar on the ground floor. Total renovation costs are expected to be approximately $10.3 million ($615/SF). Renovations are on budget, according to the Beneficiary. The appraisal concluded an as complete value of $5,600,000 under the hypothetical condition that construction was completed as of June 15, 2016. The appraisal considered the sales comparison and cost approaches. The report determined the highest and best use of the property is as multifamily housing over ground floor retail. Given the new renovations, however, even in a foreclosure scenario the likely reuse of the property is as a theater. This special purpose leads to a longer than typical projected exposure time of 12-24 months.

The appraisal placed most weight on the sales comparison approach. Because theaters are not frequently bought and sold, particularly in newly renovated condition, the search for comparables was expanded geographically from Connecticut to the greater Northeast region and temporally from the last year to the last several years. The subject was then compared to three theaters:

- The Cabot Street Cinema, Beverly, MA - An 18,588 SF theater with 880 seats which was purchased in October 2014 for $1,200,000 before a reported $5,000,000 of renovations. The appraiser therefore used $6,200,000 as the effective sale price. Upward adjustments for location, overall inferior condition when compared to the newer subject property, and overall inferior quality and appeal were made. A downward adjustment was made to reflect that the comparable has two retail store fronts and 2,000 SF of rentable office space, which increases its revenue potential. Gross adjustments were 50%, with net adjustments of 30%. The adjusted per SF price was $434.
- The College Street Music Hall, New Haven, CT - A 19,978 SF theater with 1,600 seats that an arts-interest real estate investor loaned $5,800,000 secured by the real estate. This was treated as a sale price for the purposes of the appraisal. An upward adjustment for improving market conditions was warranted since the transaction was negotiated over an extended period. A 10% downward adjustment for superior location of the comparable, which is located by Yale University, was the only adjustment made. The adjusted price per SF was $300.
- The Prospector Theater, Ridgefield, CT - A 24,748 SF, 341-seat theater that was purchased for $2,550,000 in 2012 before being razed and rebuilt for approximately $17,550,000. Downward adjustments were made for the comparable's superior location and parking, and for conditions of sale due to the buyer's unique philanthropic motivation. Downward adjustments totaled 50% and resulted in an adjusted per SF price of $319.

Based on the information gleaned from the comparable sales, the appraiser concluded a per SF value of $350, yielding a total market value of $5,900,000. The reliability of this valuation may be limited by the lack of true comparable sales that the appraiser could identify and the substantial adjustments made to those sales that were used.

The Property's nature as a special use facility makes the cost approach a reasonable approach to value, as a party interested in creating a theater may reasonably choose to construct a new facility rather than purchase an existing facility. The appraisal estimates hard construction costs for new construction to be $4,745,292 using Marshall Valuation Service tools. The appraisal adds minimal soft costs and a 10% developer fee to yield a value of $4,800,000.

The appraiser uses the two values derived through the sales comparison and cost approaches to conclude a total value of $5,600,000. While this valuation is qualified by the lack of quality comparables and unpredictability of the market

	for special use facilities, given the excess of collateral coverage of the financing amount (as indicated by the 30% LTV), the risk associated with this deficiency is moderate.
Environmental	A Phase I Environmental Site Assessment prepared in May 2015 by Payne Environmental, LLC (Payne) revealed evidence of one potential recognized environmental condition in connection with the site. A 1,000-gallon underground heating oil storage tank (UST) was removed from the site on June 25, 2004 according to a records review. There was no documentation of post-closure soil sampling provided in any of the documents reviewed. Payne recommended that a further effort be made to acquire the soil sampling data collection during the 2004 UST removal. In lieu of this data, Payne recommended testing to confirm the absence/presence of a release. Satisfactory review of evidence documenting the satisfactory conclusion of this investigation will be a closing condition. The site is in Flood Zone X, which has less than a 0.2% annual chance of flooding.
Key Development Dates	Certificate of Occupancy Received: December 2016 Completion of Punchlist Items: January 2017 Closing of Subject Financing: January 2017 Closing of the subject financing will only occur under the condition that the Patriot National Bank first mortgage will be fully satisfied and released when the subject funds are disbursed.
Tenant Identification	The building will be 100% occupied by the theater as tenant.

Sources and Uses			
Sources		*Uses*	
Federal Historic Tax Credits	$2,126,283	Acquisition	$1,500,000
State of CT Tax Credits	$1,782,659	Closing Costs	$286222
Digital Infrastructure Tax Credits	$2,426,283	Construction Costs	$3,746,973
Subject Financing (HUD 108)	$1,666,000	Architecture/Engineering/Environmental	$871,274
Green Building Tax Credits	$502,000	Operating Costs	$101,001
Deferred Fee	$253,000	Reserve	$315,000
State of Ct CT/DECD	$1,500,000	Tax/Insurance Costs	$162,251
Lockwood and Mead Loan	$109,000	Personnel / Consultants	$247,350
Developer Equity	$300,000	Additional Funds / Costs	$3,435,154
Total	**$10,665,225**	**Total**	**$10,665,225**
Notes	All sources of funds have been committed. The State of Connecticut/ Department of Economic and Community Development grant of $1,500,000 has already been disbursed, as it paid for acquisition of the property. The Lockwood and Mead loan is financing provided by the developer. It is unsecured and will be subordinated to payments under the loan. It requires no payments during construction, and will require interest payments at		

	7.50% thereafter. Other than the deferred fee and the subject financing, the remainder of the permanent sources of funds for the project are tax credit equity pay-ins. These sources will all be paid in before the subject financing closes, as they are all needed to fully satisfy the Patriot National Bank construction loan secured by a first mortgage on the Property. Because these sources of funds will all be in the project by closing, they are not deeply analyzed here. Uses of funds included acquisition ($1,500,000), construction costs (which increased from an initial expectation of $3,983,247 to $5,498,686 based on unexpected building conditions uncovered during renovation), theater specialties of $1,643,745, and various other construction and financing related costs.

Repayment Analysis	
Intended Source of Repayment	The subject financing will be fully disbursed at closing. Payments under the loan will come from operating cash flows of the theater. The proforma for the Property shows that the Beneficiary anticipates $2,237,885 of revenue in Year 1. Revenue sources are as follows: • Box office revenue, which includes tickets for all ticketed events, is $1,039,500 in Year 1. This assumes 42 ticketed events in the first year, with an average attendance at 75% of capacity and average ticket price of $40. • Corporate events are anticipated to generate $220,000 in Year 1. This assumes 29 events per year, which the Beneficiary considers conservative. The theater was designed specifically to cater to private events and will be superior to other facilities in the market area. The Beneficiary is initially pricing rentals for corporate events 25% lower than the Palace Production Center in South Norwalk, which has significantly older and outmoded technology and space, and 60% lower than similar state of the art facilities in Stamford. Further, the Beneficiary has a soft commitment from Webster Bank to livestream quarterly earnings reports at the theater. Such early interest in the theater, particularly with respect to its technological advancement, is a favorable indicator. • Rental income of $72,000 in Year 1 reflects a partnership with Connecticut Public Television and Norwalk Public Schools that will bring low-income and troubled Norwalk high school students into the theater for an educational program from 8 AM to 3 PM Monday through Wednesday throughout the school year. The contract price is fixed. • Merchandising revenue of $57,000 in Year 1 represents $1,200 per ticketed event. • Bar sales and food sales are anticipated to account for a combined $206,388 in Year 1. Bar sales assume that 75% of patrons at ticketed events purchase 1.5 drinks, which is equivalent to $4 per seat sold.

- The Beneficiary expects to generate $42,997 in revenue from a $1.95/ticket surcharge for historic preservation, which the Beneficiary reports is allowable under a new Connecticut regulation.
- Donations of $600,000 in Year 1, followed by $400,000 in Year 2. The Beneficiary has marketing materials in place for a fundraising campaign and has already started seeking funds.

Operating expenses of $2,104,918 consist of the following:

- Variable costs associated with concerts of $1,097,250. This is comprised of costs associated with show staff, security, bartenders, custodial staff, talent costs, and other related costs.
- Personnel expense of $564,200, which includes a $90,000 salary for the executive director, as well as smaller salaries for a production manager, bar manager, box office manager, and marketing director. The Beneficiary plans to add an Associate Director in Year 2. The underwriter adjusted personnel expenses to include estimated payroll taxes of 15% of salaries, which were omitted by the Beneficiary.
- Marketing costs of $92,500, which includes budgets for street press, web advertising, and radio advertising.
- Real estate taxes are projected at their current level of $15,995 per year in Year 1. The appraisal suggests this is low, as the assessed value of the property is under $900,000. However, the theater will pursue a property tax exemption or payment in lieu of taxes to minimize its real estate tax liability.
- A repair and replacement reserve equal to $0.25/SF is included but will not be monitored. The reserve is held stable through the term of the loan.

Based on the assumptions above, net operating income is projected to be $128,779 in Year 1. With scheduled payments under the loan of $90,304, the debt service coverage ratio (DSCR) is a strong 1.43. Net operating income is projected to increase annually based on 3% increases in revenue and expenses (with the exception of the repair and replacement reserve). The DSCR is expected to reach a low point of 1.03 in Year 5, and increases annually thereafter. Risk associated with the low DSCR in Year 5 is mitigated by the $177,902 cumulative gain the theater anticipates to generate from Years 1-4, which should provide adequate reserves to fund any unexpected shortfall in Year 5.

While the Beneficiary's DSCR is strong as projected in every year except Year 5, fluctuations in revenue could substantially change the Beneficiary's capacity to pay the debt. The DSCR on the loan would slip below 1.0 in Year 1 if revenues are fall short of expectations by 2% or more, which is a reasonable possibility given the startup nature of the Beneficiary. The risk associated with fluctuations in earned revenue is mitigated by the theater's demonstrated intention to generate additional revenue from donations and grants to cover any operating shortfalls and fund program growth. The Beneficiary hopes to raise $250,000 before the end of 2016, which would build on $50,000 it raised to contribute to

	construction, and $15,000 it currently has on hand. The Beneficiary is seeking general contributions and is advertising sponsorship packages, which range from $500 to $15,000.

IV. Beneficiary Overview

Beneficiary Profile	
Prospective Beneficiary	Wall Street Theater Company, Inc.
For-profit/ Non-profit	501(c)3 non-profit corporation
Lines of Business / Services Offered	The Beneficiary's sole business is owning and operating the theater.
Service Area	Norwalk, CT
Year Founded	2013

Management Capacity	
Person in Charge	*Suzanne Cahill / President and Chairperson* Suzanne Cahill is a media executive and entrepreneur who has been responsible for the development and execution of a number of successful magazine publications, books, websites, and mobile applications. Ms. Cahill holds a Bachelor of Science in Philosophy from Sacred Heart University and has been named the Chamber of Commerce Business Person of the Year, among other awards. Ms. Cahill has been involved in the revitalization of the Wall Street Theater since originating the plan with the developer.
Other Key Staff & Board Members	Wall Street Theater's Board of Directors consists of a president and chairperson, Suzanne Cahill, as well as four board members: • *Shelley Lyford*, Chief Operating Officer and President of The West Health Investment Fund • *Michelle Parente*, a partner in a full service boutique legal, financial services, and consulting firm • *Karol Martesko*, an entrepreneur with experience in motion picture, publishing, broadcasting, and Internet media • *Lynne Hone,* a marriage and family therapist The board members above were selected to lead the Beneficiary through the renovation project. The Beneficiary intends to add members to the board with specific theater and performing arts expertise when renovations are completed. In addition to its board, the Beneficiary has an advisory board that provides guidance and assists in recruiting board members, but has no formal authority. The advisory board has significant representation from the arts community, including individuals with professional experience in music, theater, and the media industry.

	Timothy Kwong is the accountant of the Beneficiary. He is a contracted service provider and is not an employee of the Beneficiary. Mr. Kwong is the sole practitioner owner of The Counting House, LLC, an accounting, tax advisory, and human resources practice based in Westport, CT. He has wide experience in accounting, tax, non-profits, and small business administration. Prior to starting his own practice, Mr. Kwong worked for PricewaterhouseCoopers both in the United States and abroad doing audit, accounting, tax, and due diligence work for clients of all sizes and industries. He has also worked at a range of companies over his 20-year career including large multinational businesses, small start-ups, and non-profit organizations in roles in accounting and financial reporting. Mr. Kwong is a graduate of the Yale School of Management (MBA) and Columbia University (BA). He appears qualified to perform accounting functions for the Beneficiary at its present size.
Summary of Management Capacity	The Beneficiary's management capacity is relatively weak at present, as it will be reliant on a small volunteer Board of Directors until an Executive Director and other support staff are hired. The board members' professional affiliations do suggest a mix of finance, legal, and arts background that provides a foundation of professional expertise that may help lead to successful operations. Overall, management capacity will depend heavily on the quality of the Executive Director selected to lead the organization.

V. Beneficiary Financial Analysis

Financial Statement Summary	
Financial Documentation Provided	The Beneficiary does not yet have financial statements for review. The company was formed in 2013 but has not had substantial financial activity since that time.
Fiscal Year End	December 31

VI. Recommendation

Recommendation and Conditions	
Recommendation	The Beneficiary is a start-up performing arts theater that is positioning itself as a technologically-advanced facility available for a range of cultural and corporate events and performances. Its projections suggest the ability to cover loan payments throughout the term of the loan, though the uncertainty inherent in the projections due to the Beneficiary's nature as a start-up is a significant caveat to their strength. Based on the Beneficiary's initial projections, its redevelopment of a cultural asset in downtown Norwalk, and the value of the collateral relative to the financing amount, the financing is recommended for approval.
Closing Conditions	The following conditions must be satisfied prior to closing of the loan:

	• Satisfactory review of a Phase II Environmental Site Assessment or other documentation following up on Payne's recommendations in the Phase I Environmental Site Assessment. • Satisfactory review of a detailed budget for punchlist items to be completed after closing, and, should punchlist items exceed $10,000, proof of subordinate financing and/or an escrow account funded in the amount of 120% of the budget. If subordinate financing is required to enable completion of the punchlist items, closing on the subject financing is conditioned upon satisfactory review of the subordinate financing's terms and conditions. • Execution of a subordination agreement with Lockwood and Mead. • Satisfactory review of an initial balance sheet and income statement for the Beneficiary. • Satisfactory review of financing commitments from all tax credit investors.