

**CITY OF NORWALK
PLANNING COMMITTEE
REGULAR MEETING
OCTOBER 4, 2012**

ATTENDANCE: Nicholas Kydes, Chair; Carvin Hilliard, Matthew Miklave, Michael Geake, Douglas Hempstead, David McCarthy, Warren Peña (7:34 p.m.)

STAFF: Timothy Sheehan, Redevelopment Agency Director; Munro Johnson, Redevelopment Agency; MaryGrace Weber, Redevelopment Agency

OTHERS: Council Member Bruce Kimmel, Mr. Larry Johnson, Mr. Frank Farricker, Wall Street Theater

CALL TO ORDER

Mr. Kydes called the meeting at 7:30 p.m. A quorum was present.

MINUTES OF SEPTEMBER 18, 2012

**** MR. MCCARTHY MOVED THE MINUTES OF SEPTEMBER 18, 2012.
** THE MOTION PASSED WITH FIVE IN FAVOR (KYDES, HILLIARD, GEAKE, HEMPSTEAD AND MCCARTHY) AND ONE ABSTENTION (MIKLAVE).**

PUBLIC HEARING

Mr. Kydes called the Public Hearing of the Planning Committee to order at 7:32 p.m.

Ms. Weber said that there were two purposes for the hearing; one of which was to review and invite public comment on CDBG program performance and the other of which was to provide the public with an opportunity to comment on a proposed amendment to the City's Consolidated Plan for Housing and Community Development, which would add redevelopment planning, brownfield remediation, public infrastructure improvements, and technical assistance to businesses as high-priority strategies to further the stated goal of supporting efforts to create income stability. Mr. Sheehan explained that the Consolidated Plan is a five-year plan approved by the Common Council and which guides the use of CDBG funds.

Mr. Peña joined the meeting at 7:34 p.m.

Mr. Miklave asked whether the goals were within the HUD guidelines. Ms Weber said that they were. Mr. Miklave asked if the other similar sized cities had a process like Norwalk. Mr. Sheehan said that most other cities have a community development department that decides on

CDBG allocations and that Norwalk's program and allocation process are unique in that it is the Common Council which decides CDBG allocations which are then administered by the Redevelopment Agency on the City's behalf.

Mr. Miklave said that he completely understands the goal of income stabilization, but was uncomfortable with the aspect of providing the technical assistance to for profit businesses. He said he thought these funds were for low and moderate income groups. Mr. Sheehan noted that the City Neighborhoods program through which the Agency provides technical assistance to businesses is basically defined by geography. The technical assistance is focused on the creation of low and moderate income jobs. This implies that the businesses that are assisted are in the low and moderate income areas. Mr. Kydes pointed out that the Federal and State government have job training programs that give potential employers incentives. Mr. Sheehan then spoke about the enterprise zones and how those businesses receive incentives from the State and City.

Mr. McCarthy said that he supported the planning, transit orientated development, and brownfield remediation. He then asked for some examples of type of business loans. Mr. Sheehan said that one such loan had assisted SoNo Bakery, and in exchange for the loan, there were two jobs created. Another business, Sassafra, benefited with assistance from CDBG funding to get past a difficult economic time and one new job was created. Mr. McCarthy asked for details, which Mr. Sheehan and Ms. Weber reviewed with him. The Redevelopment Agency approves the loans and rates are set by a national agency. Discussion followed about the details of the loans.

Mr. Miklave said that he was still uncomfortable with the fact that the goal was for technical assistance rather than loans. He then reminded everyone that Norwalk had only received a million dollars in funding last year. There are times when Norwalk focuses on priorities, but as the amount goes down, there could be conflicting interests between the various priorities.

Mr. Hempstead then asked for a clearer definition of what technical assistance was. He then asked how long the loan programs had been underway. Mr. Sheehan said that a business loan program had been established with a CDBG-R grant that was provided by HUD in response to the economic recession and that this grant was recently closed out. In the past, there had been a facade program established for Washington Street. There was also a small program called "Grow Norwalk" that is administered by the National Development Council. Mr. Hempstead asked if a list could be generated of the loan recipients and the repayment schedules.

Mr. Larry Johnson asked if CDBG money is being shadowed. He wanted to know more about Goal 3 in the information packet along with what kind of accountability there was on the funding. Ms. Weber reviewed the City and Agency's process for administering CDBG funding. The Common Council decides how CDBG funding will be allocated and the Redevelopment Agency disburses the funds to the appropriate sub-recipient organizations, however these disbursements are made on a reimbursement basis and only disburses funds once sufficient documentation that the sub-recipient organization has provided the beneficiaries with the

services stipulated in its contract with the Agency and has in fact expended the funds for which it is requesting reimbursement. Agency staff also conducts on-site monitoring visits once per year to ensure that the project is being carried out as was agreed upon.

Mr. Larry Johnson then related a story about a person who was enrolled in college but had been receiving HUD funding for a project that he was not doing. He also wondered why there was only one member of the public present at the hearing. When there is pressure on the oppressed, then people don't come forward. Mr. Sheehan said that from what he understood, the college student incident did not involve Norwalk's CDBG funding. This was clearly an issue of monitoring. Mr. Sheehan said that there were checks and balances in place. Mr. Kydes said that he was hearing that there were audits being done.

Mr. Hempstead said the Council only oversees the City's CDBG program and is not involved with other programs receiving HUD funding. He noted that the largest recipient of HUD funding is the Norwalk Housing Authority.

Mr. Miklave said that the staff does a great job in monitoring the money, but that the Federal money is a large amount, which is why it requires vigorous oversight.

As there was no further discussion, Mr. Kydes closed the public hearing at 8:06 p.m.

Mr. Kydes then recused himself from the meeting and turned the meeting over to Mr. Hempstead to chair.

BUSINESS

#1. Globe Theater – Further consideration of the Resolution as approved on July 2, 2012 and additional requirements for future consideration of a Section 108 loan.

#2. Address legal threat.

#3. Discuss type of support to offer.

#4. Approve a resolution.

Mr. Hempstead said that he was happy that there was a quorum present. There was a memo in the information packet along with the attached memo from the 14th. Mr. Hempstead said that he wanted to treat this issue as a conversation.

Mr. McCarthy then asked about Mr. Farricker's letter that says the legal issue has been resolved. Mr. Farricker handed Mr. Hempstead a copy of a letter regarding the legal issue. Mr. Sheehan said that the staff was comfortable with the resolution of the legal issues.

Mr. McCarthy asked Mr. Farricker what he was looking for. Mr. Farricker said that he had a letter that resolves the legal issues, and since most of the issues outlined in the memo pertained to that issue, they were no longer applicable. The July 6th resolution requires a name change. He was asking to advance the resolution from July 6th with the name change.

**** MR. MCCARTHY MOVED TO RECONSIDER THE FOLLOWING RESOLUTION:**

A RESOLUTION

**FROM: COMMON COUNCIL OF THE CITY OF NORWALK, CONNECTICUT
REGARDING: THE SECTION 108 LOAN REQUEST AS MADE BY GLOBE THEATER, INC.**

WHEREAS, THE COMMON COUNCIL OF THE CITY OF NORWALK, CONNECTICUT HAS, SINCE APPROVING THE WALL STREET REDEVELOPMENT PLAN IN 2004, SOUGHT THE REDEVELOPMENT OF THE GLOBE THEATER TO HOUSE A PUBLIC CULTURAL USE THAT WOULD INCREASE THE ECONOMIC VALUE AND ENHANCE THE LIVABILITY OF THE WALL STREET AREA; AND

WHEREAS, THE COMMON COUNCIL HAS LONG RECOGNIZED THE POTENTIAL NEED FOR PUBLIC FINANCING TO ACCOMPLISH THIS OBJECTIVE AND RECOGNIZED THAT THE CITY COULD BE CALLED UPON TO PARTICIPATE IN A REDEVELOPMENT FINANCING STRUCTURE ALONG WITH OTHER PRIVATE AND PUBLIC INVESTORS; AND

WHEREAS, THE GLOBE THEATER, INC. IS SEEKING TO ADVANCE A REDEVELOPMENT CONCEPT THAT WOULD TRANSFORM THE GLOBE THEATER INTO AN ACTIVATED PERFORMANCE VENUE AND HAS REQUESTED THE CITY'S CONSIDERATION OF A PUBLIC INVESTMENT IN THE FORM OF A SECTION 108 LOAN GUARANTEE; AND

WHEREAS, THE INTENDED USE OF THE SECTION 108 LOAN GUARANTEE FUNDING AND THE ENTIRE PROJECT'S PROPOSED FINANCIAL STRUCTURE HAS BEEN REVIEWED BY THE PLANNING COMMITTEE OF THE COMMON COUNCIL OVER THE COURSE OF SEVERAL MEETINGS; AND

WHEREAS, THE INTENDED SECTION 108 LOAN GUARANTEE HAS BEEN DETERMINED BY THE PLANNING COMMITTEE TO WARRANT CONTINUED BUT CAUTIOUS ADVANCEMENT INTO THE FORMAL APPLICATION PROCESS WITH HUD WITH CERTAIN STRUCTURING REQUIREMENTS AND RESTRICTIONS; AND

WHEREAS, SUCH REQUIREMENTS AND RESTRICTIONS INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING: (A) THE PROVISION BY THE DEVELOPER OF CASH EQUIVALENT COLLATERAL TO GUARANTEE ANY PREDEVELOPMENT DRAW ON THE CITY'S GUARANTEE CURRENTLY ESTIMATED AT \$275,000; (B) UPON DRAWING ON THE REMAINING CITY GUARANTEE THE CITY BE FULLY SECURED FOR SUCH FUNDS BY AN A RATED BANK OR BETTER; (C) THESE GUARANTEES ARE TO BE EQUAL TO THE CITY'S FULL FINANCIAL EXPOSURE DURING THE TERM OF THE SECTION 108 LOAN GUARANTEE; (D) THE REDEVELOPMENT AGENCY BE CHARGED WITH APPROVING THE REQUESTED GUARANTEE

DISBURSEMENTS; (E) THE FINAL APPLICATION CONTAIN AN IN-DEPTH MARKET STUDY THAT CONSIDERS THE ECONOMIC FEASIBILITY OF THE INTENDED PROJECT WHOSE RESULTS ARE ACCEPTABLE TO THE CITY; AND

WHEREAS, IF THIS STRUCTURE IS ACHIEVABLE, IT SIGNIFICANTLY MITIGATES THE CITY'S POTENTIAL CALL RISK BY HUD UPON THE CITY'S ANNUAL ENTITLEMENT ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WHICH ARE BEING USED TO SECURE THE DEBT STRUCTURE SHOULD THE GLOBE THEATER, INC. DEFAULT ON THE SECURED LOAN AND WARRANTS MEANINGFUL CONSIDERATION FROM THE FULL COMMON COUNCIL; AND

WHEREAS, SUCH CONSIDERATION TAKE THE FORM OF DIRECTING THE REDEVELOPMENT AGENCY AS THE CITY'S CDBG ADMINISTRATOR TO PREPARE FOR THE COMMON COUNCIL'S FURTHER REVIEW AND CONSIDERATION A SECTION 108 LOAN GUARANTEE APPLICATION CONSISTENT WITH THE TERMS AS GENERALLY OUTLINED HEREIN.

NOW THEREFORE BE IT RESOLVED: THAT THE COMMON COUNCIL OF THE CITY OF NORWALK ON THIS DATE HEREBY APPROVES THIS RESOLUTION AND INDICATES ITS SUPPORT FOR THE PROPOSED REDEVELOPMENT OF THE GLOBE THEATER AS PRESENTED BY THE GLOBE THEATER, INC. AND DIRECTS THE NORWALK REDEVELOPMENT AGENCY TO UNDERTAKE THE DEVELOPMENT OF THE REQUESTED SECTION 108 LOAN APPLICATION CONSISTENT WITH THE TERMS AND CONDITIONS SO OUTLINED HEREIN FOR THE CONSIDERATION OF THIS LEGISLATIVE BODY.

**** THE MOTION TO RECONSIDER THE RESOLUTION PASSED UNANIMOUSLY.**

**** MR. MIKLAVE MOVED TO AMEND THE RESOLUTION TO CHANGE THE NAME OF THE APPLICANT TO THE WALL STREET THEATER COMPANY, INC.**

Mr. Miklave said that before he moved to approve a CDBG 108 loan he needed evidence of site control, staff sign off, hold City harmless clause, market study and numerous other issues. Mr. Sheehan said that those issues were already in the resolution.

**** THE MOTION TO AMEND THE RESOLUTION TO CHANGE THE NAME OF THE APPLICANT TO THE WALL STREET THEATER COMPANY, INC. PASSED UNANIMOUSLY.**

**** The motion to approve the following resolution:**

A RESOLUTION

FROM: COMMON COUNCIL OF THE CITY OF NORWALK, CONNECTICUT
REGARDING: THE SECTION 108 LOAN REQUEST AS MADE BY WALL STREET THEATER COMPANY, INC.

WHEREAS, THE COMMON COUNCIL OF THE CITY OF NORWALK, CONNECTICUT HAS, SINCE APPROVING THE WALL STREET REDEVELOPMENT PLAN IN 2004, SOUGHT THE REDEVELOPMENT OF THE GLOBE THEATER TO HOUSE A PUBLIC CULTURAL USE THAT WOULD INCREASE THE ECONOMIC VALUE AND ENHANCE THE LIVABILITY OF THE WALL STREET AREA; AND

WHEREAS, THE COMMON COUNCIL HAS LONG RECOGNIZED THE POTENTIAL NEED FOR PUBLIC FINANCING TO ACCOMPLISH THIS OBJECTIVE AND RECOGNIZED THAT THE CITY COULD BE CALLED UPON TO PARTICIPATE IN A REDEVELOPMENT FINANCING STRUCTURE ALONG WITH OTHER PRIVATE AND PUBLIC INVESTORS; AND

WHEREAS, THE WALL STREET THEATER COMPANY, INC. IS SEEKING TO ADVANCE A REDEVELOPMENT CONCEPT THAT WOULD TRANSFORM THE GLOBE THEATER INTO AN ACTIVATED PERFORMANCE VENUE AND HAS REQUESTED THE CITY'S CONSIDERATION OF A PUBLIC INVESTMENT IN THE FORM OF A SECTION 108 LOAN GUARANTEE; AND

WHEREAS, THE INTENDED USE OF THE SECTION 108 LOAN GUARANTEE FUNDING AND THE ENTIRE PROJECT'S PROPOSED FINANCIAL STRUCTURE HAS BEEN REVIEWED BY THE PLANNING COMMITTEE OF THE COMMON COUNCIL OVER THE COURSE OF SEVERAL MEETINGS; AND

WHEREAS, THE INTENDED SECTION 108 LOAN GUARANTEE HAS BEEN DETERMINED BY THE PLANNING COMMITTEE TO WARRANT CONTINUED BUT CAUTIOUS ADVANCEMENT INTO THE FORMAL APPLICATION PROCESS WITH HUD WITH CERTAIN STRUCTURING REQUIREMENTS AND RESTRICTIONS; AND

WHEREAS, SUCH REQUIREMENTS AND RESTRICTIONS INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING: (A) THE PROVISION BY THE DEVELOPER OF CASH EQUIVALENT COLLATERAL TO GUARANTEE ANY PREDEVELOPMENT DRAW ON THE CITY'S GUARANTEE CURRENTLY ESTIMATED AT \$275,000; (B) UPON DRAWING ON THE REMAINING CITY GUARANTEE THE CITY BE FULLY SECURED FOR SUCH FUNDS BY AN A RATED BANK OR BETTER; (C) THESE GUARANTEES ARE TO BE EQUAL TO THE CITY'S FULL FINANCIAL EXPOSURE DURING THE TERM OF THE SECTION 108 LOAN GUARANTEE; (D) THE REDEVELOPMENT AGENCY BE CHARGED WITH APPROVING THE REQUESTED GUARANTEE DISBURSEMENTS; (E) THE FINAL APPLICATION CONTAIN AN IN-DEPTH MARKET STUDY THAT CONSIDERS THE ECONOMIC FEASIBILITY OF THE INTENDED PROJECT WHOSE RESULTS ARE ACCEPTABLE TO THE CITY; AND

WHEREAS, IF THIS STRUCTURE IS ACHIEVABLE, IT SIGNIFICANTLY MITIGATES THE CITY'S POTENTIAL CALL RISK BY HUD UPON THE CITY'S ANNUAL ENTITLEMENT ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS WHICH ARE BEING USED TO SECURE THE DEBT STRUCTURE SHOULD THE WALL STREET THEATER COMPANY, INC. DEFAULT ON THE SECURED LOAN AND WARRANTS MEANINGFUL CONSIDERATION FROM THE FULL COMMON COUNCIL; AND

WHEREAS, SUCH CONSIDERATION TAKE THE FORM OF DIRECTING THE REDEVELOPMENT

AGENCY AS THE CITY'S CDBG ADMINISTRATOR TO PREPARE FOR THE COMMON COUNCIL'S FURTHER REVIEW AND CONSIDERATION A SECTION 108 LOAN GUARANTEE APPLICATION CONSISTENT WITH THE TERMS AS GENERALLY OUTLINED HEREIN.

NOW THEREFORE BE IT RESOLVED: THAT THE COMMON COUNCIL OF THE CITY OF NORWALK ON THIS DATE HEREBY APPROVES THIS RESOLUTION AND INDICATES ITS SUPPORT FOR THE PROPOSED REDEVELOPMENT OF THE GLOBE THEATER AS PRESENTED BY THE WALL STREET THEATER COMPANY, INC. AND DIRECTS THE NORWALK REDEVELOPMENT AGENCY TO UNDERTAKE THE DEVELOPMENT OF THE REQUESTED SECTION 108 LOAN APPLICATION CONSISTENT WITH THE TERMS AND CONDITIONS SO OUTLINED HEREIN FOR THE CONSIDERATION OF THIS LEGISLATIVE BODY.

AS AMENDED PASSED UNANIMOUSLY.

III. NEW BUSINESS

There was no new business to consider at this time.

IV. OLD BUSINESS

There was no old business to consider at this time.

ADJOURNMENT

** MR. MCCARTHY MOVED TO ADJOURN>

** The motion passed unanimously.

The meeting adjourned at 8:20 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services