

CITY OF DERBY
REDEVELOPMENT AGENCY MEETING
JUNE 13, 2006

DERBY CITY HALL – ALDERMANIC CHAMBERS – 6:30 P.M.

Chair Glenn Stevens called the meeting to order at 6:30 p.m. All rose and pledged allegiance to the flag.

Roll Call

Present: Glenn Stevens
Greg Russo
John Oraziotti
Anthony Staffieri (arrived at 6:45 p.m.)
Richard T. Dunne (arrived at 7:06 p.m.)

Also Present: Joseph Coppola, Corporation Counsel
Keith A. McLiverty, City Treasurer
Philip Robertson, Chief Administrator, City of Derby
Ken Hughes, President, Board of Aldermen
Ron Sill, Board of Aldermen
Scott Boulton, Board of Aldermen
Joseph Bomba, Board of Aldermen
Dennis Devonshuk, Board of Aldermen
Anthony Szewczyk, Board of Aldermen (arrived at 6:55 p.m.)
Joseph Benanto, Board of Aldermen (arrived at 6:40 p.m.)
Matthew DeBarbieri, Board of Aldermen (arrived at 7:00 p.m.)
Henry Domurad, Jr., Chair, Board of Apportionment & Taxation
Martin Martino, Chair W.P.C.A., Board of Apportionment & Taxation
Beverly Moran, Board of Apportionment & Taxation
Carolyn Duhaime, Board of Apportionment & Taxation
Robert Scarduzio, Jr., Board of Apportionment & Taxation
Leo Moscato, Chair, Municipal Parking Division (arrived at 7:00 p.m.)

ADDITIONS/DELETIONS/CORRECTIONS TO THE AGENDA

A MOTION was made by Mr. Russo with a second by Mr. Oraziotti to **TABLE** the minutes of the May 9, 2006 meeting. **Motion carried.**

A MOTION was made by Mr. Russo with a second by Mr. Oraziotti to add an Executive Session, if necessary, to the agenda. **Motion carried.**

PUBLIC PORTION

Mr. Stevens said if anyone has any questions on the Bonding Attorney issue or the Special Taxing District he would ask that those questions be held until after the presentations. There will be a public portion at that time to answer those questions.

Brian Calvert, 1 Caroline Street; 33 Maple Street; 37 Lewis Street, Derby, CT – I would like to ask you gentlemen – I have here an amended Preferred Developer Agreement dated as of May 2005 and I have an amendment to that amended agreement dated – well it doesn't really matter (inaudible) demolition of these buildings – can you tell me if these are the only documents that pertain to this agreement? Are there any other agreements that were signed or anything after this agreement?

Mr. Stevens – Can you state those documents again please.

Mr. Calvert – The main one is the amended Preferred Developer Agreement dated as of May 2005. And this other one is an amendment between Ceruzzi and the City for demolition of City-owned property.

Atty. Coppola – I don't know those documents. There's an amended Preferred Developer Agreement – I believe it's dated May or August.

Mr. Calvert – This document really doesn't matter to what I'm talking about. It's signed by Ceruzzi people (inaudible) that says an amendment to the amended preferred agreement and it's signed by the City and the developer – that I'm not worried about. Is there another document that is after this one, which is dated May 2005? Are there any other documents that are signed that relate to this agreement?

Atty. Coppola – Not that I know of.

Mr. Calvert – So (inaudible.) I don't want to be discussing something where you say this is outdated. Alright having established that I'm going to read my remarks because I'm a little nervous tonight for whatever reason. But over the last year I've given you the chain of responsibility in regard to the relocation area behind BJ's – discussed a million times. And again I want to bring to your attention this issue that's been mentioned by you and the developer in numerous meetings and used as a promise to assure us of our future. Now we are told the developer is calling the shots and he will not utilize that (inaudible) because he feels the costs will be more than he wants to pay. The relocation person that the City has engaged has told us that he might find us a building in Bridgeport or Waterbury or even further. Is this something that makes this board happy to see all of us gone to another town who knows where? I hope it does not make you happy. That's what they're offering. In regard to this agreement – you are a signer too – with think that you should bear the responsibility and sign on for when you took your position here. You took a fiduciary responsibility – one of the highest responsibilities that any public official has to look after the finances of, and to protect and serve all the citizens of Derby. And at this time especially the downtown businesses. Gentlemen you have a moral responsibility and a legal responsibility to uphold this legal agreement. You have chosen this agreement to refer to the DOT property as a resource – you chose this – and we think you should live up to that responsibility of choosing it as a resource. You have the authority to tell Ceruzzi to live up to his obligations or tell him there's no deal – not the way he wants to go. We hope and we are confident that the citizens of Derby and the Mayor and the Board of Aldermen of the City of Derby will not allow the use of eminent domain to take property for one of their own and given to, by his own description, a greedy developer, so he can prosper at our expense. What does he care anyway? It doesn't matter to him to see the businesses run out of town or forced out of business and people put out of work.

All because he will not live up to this agreement, which he signed – this agreement here. Do the right thing Gentlemen, and the moral thing. If you really need our property for this development we're ready and willing to move. We don't want money; we need to stay in business in Derby. All we ask is that you put up a building for us right here in the town that we love; in the town that we live in and the town that we have served for many, many years. You have the opportunity to do it. You have the land to do it and you can do it. So what we're saying Gentlemen is live up to this agreement that you signed, that you developed, where you put in the resource for relocation. And that's pretty much what I have to say and I thank you for your time.

Jeff Auerbach, Derby Garden Center, 4 Caroline Street, Derby, CT – Simply – I don't want to repeat – I just want to stress and be on the record – my feeling is you people took on the job that you took on. You do have a fiduciary responsibility. You signed an agreement – you must live with that agreement. There are good parts of it, there's bad parts of it, but you have to live through it. And that is part of acting as a fiduciary agent. It may cost you more money that you planned, it may cost you less. But as Brian said you have a responsibility to the government here in the City, to the citizens, residents and to the businesses. You can't just brush them off because a developer tells you it costs more money than he anticipated. That's something that he has to deal with or it's something that the City has to deal with. You have a responsibility to live to the agreement that you signed and that's what all the people expect you to do.

Dan Waleski, 21 Elm Street, Derby, CT – I put together a presentation here that I think is very significant and I appreciate you letting me go through it. It has reference to what the gentleman before me had said – I'll read it off. As you can see I'm dressed in red, white, and blue with the figure of "76" on my jersey representing the year 1776. In short I've come to battle with the agency in regard to your proposed revitalization plan for the downtown area of the City. As emphatically announced for the record what the Downtown Aldermanic Committee at their June 6th meeting I am strongly voicing objection to the redevelopment plan as suggested to this agency and the City of Derby. As a few references I will point out a few sources: "Design of Cities" by Edmund Baker; "Shopping Center Development Handbook" by the Commercial & Retail Development Council; "Town Design" by Frederick Jabbar; "Business & Industrial Park Development Handbook" by the Urban Land Institute; "Eco-Cities – Building Cities in Balance with Nature" by Richard Register and I have that volume right here – very interesting volume. "The Developer's Plan of Development of September 2005 – City of Derby Business Revitalization District" the plan as stated made many statements regarding legalities where mentioned in this plan – they were mentioned as a matter of fact and acceptance. I have strong reservations about this presentation. Also the renderings and drawings of specific buildings, sizes, locations and the general overall plan for the twelve acres on a site of tremendous potential for the benefit of all the residents and for the town as a whole. In my view this revitalization plan is not realized that full potential – it's not even close. The Redevelopment Plan is asking too much of us citizens. This project is enforcing eminent domain on our property holders. This project is without definition an exact objective. This project provides no opportunity to consider alternative plans or proposals. The residential density is uncommonly high. Will the commercial area serve our specific needs and do so over the long run. Detailed project information is not readily available for public inspection. The total cost figures have not been calculated or estimates made available. The City of Derby is to be used to raise State and Federal funds to cover part of the costs of this proposal. What will be

our obligations? Who will benefit most? To be of ultimate benefit and service to the community the plan should demonstrate: 1.) Mixed-use development 2.) Diversity of use 3.) Readily accessible 4.) Goals and objectives to be clear and obtainable. The plan should include population demographics. High standards of land use. Consideration to traffic and circulation. Pedestrian priority. Parks and open space. Property housing needs. Provide for all utilities – water, electric, gas. Proper drainage and sewage. Proper consideration to social problems. Must contain cultural characteristics. The results must be a better City and community. Let's recall recent City history - \$13.5 million was spent in the 1970's and '80's in downtown redevelopment. Gentlemen it was a total disaster. How many times must we be involved in redevelopment to get it right? Past City administrations have left us a mess on our hands. We hope this new energetic administration is up to the task. The responsibilities are great; we must succeed. To that end I suggest the following: 1.) Solicit public input in every aspect of the project 2.) What we lack is a highly-qualified group of individuals, experts if you will, to oversee every aspect of this development. Let's begin with this agency. No one, with the exception of Mr. Dunne, has any extensive knowledge or experience in City planning, design, construction, engineering, legal counsel and urban development. Most of us have only the source of the developer for advise, counsel and direction. A developer in my view more suited to Stamford, Norwalk, Hartford or Boston. I am confident we can do better. This cannot be done on Scotch and Soda, Bloody Mary's and Martinis. But we can succeed on expertise, hard work and attention to detail. Thank you very much Mr. Chairman.

Mayor Staffieri entered the meeting at this point.

Carl Yacobacci, 176 Main Street, Derby, CT – Just wanted to talk about the relocation specialist that the City hired. Just want to reiterate the words that Brian also said. We also received a list of rental properties around the City of Derby and Shelton – some industrial, some commercial, which if you take the cost of per square foot for what we have, what we pay for our building would triple, quadruple and go up even higher than that. In one of our conversations, our first conversation – the only one with the specialist, we told him that our main objective and our only objective is to get property that we can own that is similar to what we have in a similar location that will handle our manufacturing end and our retail end of the business. And as of right now we just got a list of some generic basically leasing properties around town. And I did talk to him today and he said was going to try to get us a list sometime next week of other properties to purchase. I know that he is working on it a little and we did speak about some different things and I don't know if the board wants to know that the contract for him is still not signed yet but he is still continuing to I guess look at some of the different alternatives for the businesses downtown. I just want it to be known that we do want to stay in the City of Derby. We do want to continue in a like type of building, in a like structure. We don't want to be moved to Waterbury or Bridgeport or anywhere in between. I have a three mile commute and I would like to keep it kind of like that. And we do want to stay in Derby and we do want to be part of the revitalization downtown. We're just asking you to make sure that it happens. So that we don't go to Bridgeport or Waterbury and basically maybe be put out of business so that somebody else can come in here on our exact same spot to try to make money while we loose everything.

Mr. Calvert – You know we've always had good repartee with this committee in the past; you've spoke to us, we spoke to you. And I would like to have your comments on

the fact, because I spoke to this gentleman and I didn't repeat it because you know I thought he told me quietly, but he doesn't have an agreement or a contract signed. What's your comment on that? Here he is he's come and seen us, he's sent us letters, he sort of made promises – what's that backed up with?

Atty. Coppola – This board has approved that that contract be signed. That contract is sitting along with the contracts for two appraisers and they'll all be signed at the same time.

Mr. Calvert – So what's your comments on him doing work for the City outside the contract?

Atty. Coppola – We have an agreement with him to do the work.

Mr. Calvert – Verbal agreement.

Atty. Coppola – I can bring the contract in and sign it right now.

Mr. Calvert – No – I just want to straighten it out. Because it surprised me that he would even say well I'm sitting here doing this stuff and I don't even have a contract at this point.

Mr. Stevens – Thank you.

Mr. Calvert – All right you've answered that. The next thing I would just like to ask as I mentioned before about this property down there, the DOT property (inaudible), and now we've been told that's it's polluted, too much money to develop it, and all those things. Are there some reports – do we have any reports; I spoke to the gentlemen Art Bogen I said when did you do the reports down there, the environmental reports? He said well about four years ago. So are there updated reports on that to tell us that this property is not viable at this time as far as the pollution goes? Or are we just dealing with a person who doesn't want to spend the money to bring the sewer, the water and the gas in there? What is the position as you see it with that property? Do you have reports that deal with that – updated reports to give us access to?

Mr. Stevens – We'll look into it and we thank you for your comments.

Mr. Calvert – So your answer is no...

Mr. Stevens – I don't have that information at this time. I would have to investigate that.

Mr. Calvert – May I ask when we might that report or when we might have an answer for this? This is as you can see gentlemen – I'm glad you can speak to me because sometimes you may say thank you sit down. But I'm glad you're speaking to us. Obviously this is important to us. Big decisions have been made and big statements have been made that you cannot use this property, we cannot go down there – it's too expensive, there's too much pollution and we just want to know what it is based on. So you can see why we need this report and why we need your input. And may I ask how long it might take to come up with this – if there is such a report.

Mr. Stevens – Mr. Calvert we normally stick to items that are on the agenda. What I can say to you is if you call one of the agency members after the meeting, contact them and ask them to have this item placed on the agenda next month we can give it some attention. But we will investigate it.

Mr. Calvert – (Inaudible) as far as this PDA goes.

Mr. Stevens – Excuse me.

Mr. Calvert – You allow me to speak on the Preferred Developer Agreement – it's in there.

Mr. Stevens – We need time to prepare the information. That's all I'm saying.

Mr. Calvert – So I should speak to you individually on the telephone?

Mr. Stevens – You can call any member of the agency and ask for an item to be placed on the agenda and they will contact the chairman and I will place any item on the agenda if it's requested by the public.

Mr. Calvert – Okay well can I put it on record that I would like you to place it on the next agenda for an answer? Where are the documents that pertain to that particular piece of property? If you can place that on the agenda you can now have "X" amount of weeks. If there are none, just say there are none.

Mr. Stevens – I'll look into it personally and I'll get back to you. I don't have any of the information – I don't want to speak out of place and give you wrong information or anyone here wrong information. There's been too much information for many years – let's get it right.

Mayor Staffieri – I would like to make a comment. You know we've been in office basically six months. This is something that should have been done three, four years ago.

Mr. Calvert – Absolutely.

Mayor Staffieri – You know everybody is looking at us and how come we don't have the answers of the past administration. We're doing our best.

Mr. Calvert – Well Mr. Mayor I have nothing but admiration for you and your new boards. But there is a gentleman here who made the statement that (inaudible) possible not practical money-wise to do it. So he can probably answer his side of it. I'm just asking if there are any environmental reports available. And if the answer is no...

Atty. Coppola – I understand Mr. Calvert but this is public portion and we can't get into this – we really can't. Make your statement. This board should not be answering your questions – I'm going to leave it at that.

Mr. Calvert – You always have been very open.

Atty. Coppola – But it's not on the agenda. We have a lot to discuss tonight on the agenda. And you pulled me into a conversation that I wish I didn't get into, but I did. Please, stick to the agenda. We'll listen to your public portion and that's it.

Mr. Calvert – Okay. So is this on the agenda for next month?

Atty. Coppola – It's not on the agenda for next month. We just don't whip up an agenda. We have to discuss...

Mr. Calvert – (Inaudible) what am I going to do then to get it on the agenda?

Atty. Coppola – Call him.

Mr. Stevens – Call after the meeting please.

Mr. Calvert – I want it on record that I'm calling your house.

Mr. Stevens – That's fine. Hearing no one else wishing to address the board...

A MOTION was made by Mayor Staffieri with a second by Mr. Russo to close the public portion. **Motion carried.**

UPDATE FROM DEVELOPER

Robert Skolnick, Ceruzzi Derby Redevelopment, LLC – Our efforts to complete what is known as the GAP Study continues. We are moving forward – our designers, planners, engineers completed their preliminary work, which is sufficient to bring in our construction manager who will start applying dollars to the various components of the infrastructure necessary in order to rebuild the project as contemplated. The construction manager that we have now hired and signed an agreement with is Whiting-Turner, a very reputable organization that does large scale developments – both private and public – all over the country in fact, specifically in the northeast. Tomorrow actually at 1:00 p.m. we have a kickoff meeting with our engineers and with the construction manager here in Derby to walk the site. And we believe we are still on target for middle to end of the summer to come back to this agency and discuss the dollars and cents. In addition today work started with regard to the new redevelopment sign. The footings and anchor bolts are being completed and set up of the sign should be here I think before the 25th.

DISCUSSION AND PRESENTATION REGARDING SPECIAL TAXING DISTRICT

Presentation from Bonding Attorney – Marie Fallon, Esq. - Pullman & Comley – We represent several municipalities (inaudible) in the State of Connecticut. There was legislation that was passed in the last session of the Connecticut General Assembly that will allow this "Special Taxing District" to be formed in the town of Derby. Now under the statutes in general a group of people can form Special Taxing Districts so I mean there's lots of Special Taxing Districts all over the State of Connecticut. The Special Taxing District is another public (inaudible), which is on top of – try to think of it as a layer cake – you've got the State and if you live in the State of Connecticut you have to follow the State laws – and then you live in the City of Derby and you follow the State

laws and the laws of the City of Derby – and then if you were to live in this Special Taxing District you would follow the State laws, the laws of the City of Derby, and the laws of the Special Taxing District. Now Special Taxing Districts in general can be combined, but this particular Special Taxing District can issue bonds for specific public improvements that are going to be very helpful for this development to be here. They can issue bonds for roads, sidewalks, parking facilities, river walks, parks, floating docks, recreational facilities – while these aren't unusual for public entities to take issue of, (inaudible) a Special Taxing District in the normal sense doesn't have the authority to issue (inaudible) for all these things. So that was one of the reasons why legislation had to be adopted for this particular project. The bonds that the district issues are obligation of the district and they are not obligation of the City of Derby; they are not an obligation of the State of Connecticut or any other public (inaudible) they are the specific and sole obligation of this Special Taxing District. The district has the bonds that they can issue can be backed by (inaudible) of the district and they can also be backed by special assessments. Again, this isn't an unusual concept. We've got sewer bonds that municipalities issue that are backed by the revenue (inaudible.) This (inaudible) district can make these assessments on the property owners prior to the time that those improvements are built. That's what makes it different from a normal kind (inaudible) that the municipality would be able to issue on its own. And that's pretty important in the whole financing scheme. Like Special Taxing District's it has the ability to enter into an Inter Local Agreement. Municipalities have to have authority of Special Taxing District to (inaudible.) What was built into this legislation was before this Special Taxing District could issue these bonds they have to enter into an Inter Local Agreement with the City of Derby. So that before they can really exercise any of the powers of this (inaudible) Derby will have to enter into this agreement. And that the specifics of the bonds – whatever kind of guidance you would want to give the Special Taxing District would all be contained in this contract. I can answer any questions that you may have.

Presentation from Bank of America – Robert Birch, Bank of America Securities (Investment Banking Arm of Bank of America)

– I am the team leader for the real estate securities group that specializes in this type of financing. In 2006, just to give you some idea of the breadth of this market, just our group will underwrite roughly \$4 billion of real estate project bonds of which \$1 billion to \$1.25 billion will be these types of what we would call “TIF” and the combined “TIF and Special Districts.” The \$3 billion to \$4 billion is all types of special districts and other types of housing that we would write. All of those are project financed just like what we're talking about here. Nationally this is a very common form of finance. Marie talked a little bit about the “what” the structure, the legal structure of the district, what I was intending to do was talk a little bit about the “why” and the “how”. The “why” being really why do cities look at this type of structure to provide for these types of redevelopment projects? The issue with any large redevelopment project, and this is not unique to Derby, the issue for any type of redevelopment project again (inaudible) infrastructure costs are very significant and have to put up front for a project and that infrastructure cost can be a burden that would not allow your redevelopment project to get done. The issue and the true issue for the City is of course first is this a project the City wants to do and then secondly what every City and what every municipality – again this is common in about forty states because infrastructure costs are significant for (inaudible) projects – is what's deemed a “But For Test.” And that is but for this type of financing is this a project that can be done in a way that is envisioned and are the infrastructure costs such that it would allow a project to get done. Obviously if a project could get done where the taxes that are

from the area would not need to be pledged then the City and frankly the developer would gladly move forward on it. The reality is many projects, and all the projects that we're involved in, would otherwise not get done if not for this type of financing – that's the why. The "how" the issue that we're talking about is what we would generally call (inaudible) and "Special District Financing." The intent is to use a portion of the taxes generated solely from this project area to be used so as development occurs it increases the tax base and allow a portion of those taxes to be used through an Inter-Local Agreement by the district to allow for a portion of the repayment of the bonds to be issued by the district for the infrastructure within the project area. And the issue on any type of "TIF" and I have plenty of these I don't mean to exclude anyone but just for the purpose this is a very – it's easier for me to have a picture rather than just words – the issue on that type of financing is simply if you look at the development, the development takes time. Until the vertical is (inaudible), until the buildings are built the taxes take time to be generated. So the Special Tax District allows for the assessments on the property that until the absorption occurs, until the vertical occurs, the assessments on the properties owned by the private developer pay the debt service on the bonds. If you didn't have this type of mechanism then the City would otherwise be using its General Fund or you would have to wait to pay for the infrastructure later and obviously the infrastructure is needed up front so the issue then is you need a mechanism that does not put the City on the hook, that does not put the City's General Fund at risk to provide for securing the bond payments. The Special Tax District in the form of the assessments allows for the debt service to be paid by assessments to the property and puts the development and absorption risk on the developer and the property owner – not with the City. That's why this type of finance is the most common form of finance of what we do around the country because it allows for a redevelopment project that is otherwise expensive due to infrastructure, to move forward upfront. It allows for the development risk to be isolated to the developer and then it only pledges, in the form of an Inter Local Agreement, it only pledges the revenues being generated by the project and the assessments of the property for payment of the debt. So it's solely what we would term a "Project Finance" in terms of the overall project. So from a credit standpoint and the "how" standpoint it's a relatively simple mechanism. It's a mechanism that is used very commonly throughout the United States. Again, frequently legislation was passed for example in Massachusetts in 2004 because when you have large redevelopment projects require (inaudible) costs you have to come up with a mechanism to pay for that infrastructure. This allows it to be isolated to the project specifically and not to the (inaudible). With that, that will conclude my comments.

Mr. Dunne arrived at this point.

Question and Answer from Agency Members:

Mr. Oraziotti – You had stated that until the buildings are built it takes time for the taxes to be generated. Can you explain that a little bit more please?

Mr. Birch – The infrastructure is needed to begin. Any time you have a redevelopment project the infrastructure is going into the ground day one otherwise you can't do the rest of the development. The bonds are issued to allow for the financing of the infrastructure and the infrastructure into the project. The bonds then have a pledge of the revenues if and when received by the City through an Inter Local of the taxes generated solely by the project. If for example the project is built as projected to be

built and the buildings finished (inaudible) and I'm just going to throw out years – if it were started in 2006 and the first building because it takes a year, 18 months – whatever it takes to put in the infrastructure – and then the buildings have to be built. Realistically say you were in 2009, if it was generated exactly in 2009 then the revenues are there and the revenues are being generated to pay for the debt service. But let's say that the infrastructure gets put in and the buildings get delayed the City certainly doesn't want to come out of pocket for the debt service and there has to be a mechanism to make sure that the debt service is secured. So if for example the building is delayed until 2010 then the assessment on the property gets levied against the property and the developer is then obligated to make the assessment and pay for the debt service. So the developer is then taking the risk until the vertical or the development buildings are built. So the generation of taxes is dependent of course on buildings being built.

Mr. Oraziotti – So the mechanism in place is the developer.

Mr. Birch – The mechanism is in place and puts the obligation on the developer that's correct.

Mr. Russo – You indicated that during the initial period – the start of the infrastructure – that the developer is responsible if there's a delay the developer's responsible for any (inaudible) payments towards the bond.

Mr. Birch – Correct.

Mr. Russo – Until a date in time when the excess tax can start to be levied against the properties because of additional tax revenue.

Mr. Birch – Correct.

Mr. Russo – I believe one of the concerns for the City of Derby, for the taxpayers of the City of Derby, is that when you start talking about additional bonds being issued by the City I think it's important to note, and you stated it – I just want to make sure for the record so that everybody understands, that this is not an obligation that is going to be incurred to the City of Derby.

Mr. Birch – That's correct. The bonds are issued by the Special Tax District, which is a different political body. I should have prefaced all my comments that the bonds can be issued if and when the Inter Local is approved by the City. So if the Inter Local isn't approved by the City then no bonds are issued. But the bonds are issued solely by the district. The only obligation of the City under that Inter Local, for purposes of the bond, is if and when the taxes are generated to allow the district to use those taxes to help repay. If no taxes are generated there's no obligation whatsoever on the City.

Mr. Russo – So if no additional taxes are generated by this project then the City has no obligation...

Mr. Birch – Has zero and in fact we could – the City of course has to go through the negotiation with the Inter Local but there is zero obligation. These bonds are sold to institutional investors. If the project is slow and I'm sure the developers are sure to kick

me at some point during my discussion, but if the development is slow and there is frankly a problem with the project – if somehow there is a bank issue or whatever then those investors are frankly in a position to be able to take the project from the developer just like and that is there sole recourse is to the property – not to any other money.

Mr. Russo – The downside to this to the City of Derby is very limited.

Mr. Birch – The downside is solely if revenues aren't generated – frankly if revenues aren't generated then the City won't be getting anything anyway.

Mr. Russo – There is no downside to the City.

Mr. Birch – No. Not to the financial structure no.

Mr. Russo – But what it does when you're talking about a significant project such as this, this provides the financing mechanism to start the infrastructure to allow this project to start and to continue.

Mr. Birch – That is correct.

Mr. Russo – If I can ask a question of Ms. Fallon – is it possible to obtain a summary of your comments tonight in some kind of an outline format?

Atty. Fallon – I would be happy to provide that in a couple of days.

Mr. Dunne – I apologize for not being here for your presentation. Picking up on what we were just talking about could you spin out a scenario for us – debt is issued by the district, investors are at risk – we say the developers are at risk but in fact the investors are at some risk – in the case of default we've already established that the City is not responsible to make those investors whole – how would it typically proceed with your bank and the institutional investors you sold these notes to? Could you give us sort of a typical scenario? Would they band together and find a developer to finish the project and generate revenue? Would they walk away?

Mr. Skolnick – It hasn't happened.

Mr. Dunne – I understand but we need to ask these questions.

Mr. Birch – There's one more party to any project that we haven't mentioned. There's the project, there's the developer – and the developer has money at risk – but there's also the financing for the rest of the project. The entire project isn't just the public infrastructure. There is also the private improvement, there is the buildings that are being financed by banks – so there's a loan on the project as well. For it to get to a point where there's a default on the bond, and I certainly (inaudible) there are projects that this does occur, the developer would have to not make his payment, his tax payment, because this is an assessment – a (inaudible) assessment against the property – so it is senior to the developer's equity, it is senior to any bank financing or mortgage on the property. So the developer would have to not pay and thus violate its conveyance to pay the taxes with its lender.

Mr. Dunne – Does that include the minimum taxes that would be paid during the development period?

Mr. Birch – In any development financing there is a period where we capitalize a portion of the payments so probably for the first two years the bonds themselves we have put aside some money to pay the cash (inaudible) for a period of time. After that period no matter what the payments – debt service is debt service – if it's due and it's not being generated by the incremental taxes from the property area then there's an assessment against the property. And those assessments are governmental in nature and thus are ahead of corporate liens and mortgages and ahead of obviously the equity. So no matter what the cause or the purpose if there has been a non payment of (inaudible) then that means the developer is in violation of its (inaudible.) It means that the bank has to look at the project and determine that they're simply going to walk away rather than make whole the property tax assessment against the project because like any governmental lien if not paid then it is subject to foreclosure. So the bank would then have to make the determination to walk away from its loan against the property. And then at that point because the bank has decided to throw in the key, throw in the towel, at that point then we're sitting down, frankly these gentlemen may or may not be at the table, we're sitting down with the investors and the property frankly at that point is probably going to (inaudible.)

Mr. Dunne – But it could be the bank effectively takes over the project on behalf of your investors...

Mr. Birch – The most likely is the bank brings another – they're in violation of their loan – the bank brings somebody in to – the bank is stepping in frankly to protect their interests in the project. That's the most likely scenario. Before (inaudible) works out with our investors. But if it does frankly we're stepping in to protect – with the investors we're stepping in (inaudible.) It's not a scenario I like to get in.

Mr. Dunne – No but you understand it's a question we have to ask.

Mr. Birch – Yes.

Mr. Russo – We're talking about infrastructure – that the bond could be used for infrastructure. Are the funds limited as to use?

Mr. Birch – The funds are placed with a third party trustee and can only be used for public infrastructure improvements as allowed for under the bond documents and as (inaudible) by the Inter Local Agreement and only for those specific items that are on the list. In order to make a draw there would be an engineer who would submit a certificate to the trustee to allow for the draw of those monies and again it would have to be for those public infrastructure items.

Mr. Dunne - Greg I think that we would, using our consultants – Mr. Corso would be the one making the determination what of the project is public infrastructure. At that point we would make our recommendation to the legislative body who has to enter into the Inter Local Agreement as to what is eligible and what isn't. That would also determine the amount of debt that they actually issue.

Mr. Russo – I know that we have talked about it in various different meetings but there's enough people here that I would like to ask the questions so everybody understands really what's going on.

Mr. Oraziotti – You mentioned about the developer being the mechanism. What happens – is this a policy where the developer will in fact be the mechanism or can the developer say I don't want to be the mechanism. Is there something in place there automatically that allows him to be this mechanism.

Mr. Birch – When you say the mechanism you mean the entity that – in terms of paying the assessment?

Mr. Oraziotti – Yes.

Mr. Birch – The developer owns the property at that point. Whoever owns the property – it's really the property in the project that is the security for the bonds. The assessments are levied against the property. Whoever is the property owner is obligated to make that shortfall. Once the property is developed then the increment is sufficient that it offsets. So we're only talking about the undeveloped property that's where the risk is. And it's whoever (inaudible) owns that property. If we have to bring in a second developer at three years down the road and that new developer owns the property it is an assessment against the property and blends with the property.

AT THIS POINT THERE WERE NO OTHER QUESTIONS FROM THE AGENCY MEMBERS.

Question and Answer Period from Public:

Jeff Auerbach, Derby Garden Center, 4 Caroline Street, Derby, CT – Two issues were raised – one was about the downside or the obligation to the City. If as you said the developer for some reason walks away, the bank walks away and it's not completed, in effect doesn't the City have to face the situation that they have a partially developed property that realistically they're going to have to see to completion. Of course they can always get another developer but if a developer doesn't come in and sort of pick up the tab – you can't find one, because there has been problems in the past getting developers here – so the current developer walks away, the bank walks away, and you can't get another developer isn't the City faced with the situation of a partially built development that that could be their obligation? And they better be realistic and say you know what if something goes bad we have this potential liability. Let's not kid ourselves.

Mr. Birch – I think you're asking me a question that has nothing to do with the bonds. That's independent of the bonds or the bond structure.

Mr. Auerbach – But you would agree that the City could have that possibility.

Mr. Stevens – That question really has nothing to do with Special Taxing Districts.

NUMEROUS VOICES – COULD NOT DISTINGUISH.

Mr. Auerbach – One was raised earlier about the City having a downside risk. He responded to it.

Mr. Stevens – Of the Special Taxing District. That risk could be if we have a Special Taxing District or not.

Mr. Auerbach – Absolutely.

Mr. Stevens – But these questions are specifically for the Special Taxing District. He really cannot answer that question.

Mr. Auerbach – Well I felt he answered it before. The feeling the board got was that there is no downside risk.

Mr. Stevens – There is no downside risk for the Special Taxing District. Any developer can walk away from any project.

Atty. Coppola – Are you saying then if the \$45 million bond is out there and the developer leaves the question is if the bank decides to walk away from \$45 million?

Mr. Auerbach – I'm saying if the bank decides to walk away from the whole project, yes.

Atty. Coppola – Is that truly a possibility that a bank would walk away?

Mr. Auerbach – You people have the responsibility – you better be thinking about it. Don't talk anything for assumption.

Atty. Coppola – If there's \$45 million out there and we have infrastructure I don't understand...

Mr. Auerbach – Well I'm asking the question. Could the City be responsible to finish the job? That's the first part of my question.

Mr. Russo – I think a comment would be – and correct me if I'm wrong in my scenario – but what we're talking about here is let's say that \$45 million worth of infrastructure was actually put in place, the developer walked away from it, the bank walked away from it, but what the City of Derby currently has is \$45 million worth of additional improvements made to that site, which another developer could walk in and take advantage in.

Mr. Auerbach – What if another developer doesn't walk in and the City takes over that property you have an obligation in that Taxing District to pay off that bond.

NUMEROUS VOICES – NO THEY DON'T.

Mr. Russo – The City does not have an obligation and in essence they're ahead \$45 million in infrastructure costs.

Mr. Oraziotti – The City was just gifted \$45 million.

Mr. Auerbach – My second question is this – my understanding of this project is one of the advantages was it was going to create additional tax revenue for the City of Derby for the treasury. My understanding now is with this Taxing District, and I was told by a State Rep., the majority of the money that new district raises will go to pay the bond issue and not go into the City treasury – and that's very important. I don't think the citizens of Derby know that – they believe that this new project being built additionally a lot revenue would come into the City. My understanding is from the State Rep. that 70%-80% (inaudible) money generated down there will go to pay off the bond and not go into the City treasury. Is that correct?

Mr. Dunne – Mr. Chairman I think this is an appropriate question for the Redevelopment Agency not...

NUMEROUS VOICES – COULD NOT DISTINGUISH.

Mr. Auerbach – Excuse me I was on the floor. I was acknowledged by the Chairman. Please don't interrupt me; I don't interrupt you.

THE CHAIR CALLED FOR ORDER.

Mr. Dunne – Mr. Chairman point of order please.

Mr. Auerbach – Excuse me I was still speaking.

Mr. Stevens – Excuse me – let Mr. Dunne make a comment please. He was trying to help answer your question.

Mr. Dunne – I would like to suggest that Mr. Auerbach was asking a fair question but I think it's an appropriate question for the Redevelopment Agency and maybe our attorney but not necessarily the representatives from the Bank of America dealing with the Special Tax District debt issue. The question is one of whether we have an obligation to proceed with the project. Is that the general question?

Mr. Auerbach – No. The general question is to the lady that did a presentation before explaining how the Taxing District worked. My original understanding going back over the years was that this would create a lot of revenue and it would go into the City treasury. Now I understand, especially after meeting with the State Rep., that a bulk of this money generated down there will go to pay off this infrastructure down there – those bonds – and not into the City treasury. What I would like to know from the lady am I correct.

Atty. Fallon – Under the Statute that isn't – that isn't part of the Statute at all. And if that's in the Financing Plan that will be part of the Intermunicipal Agreement that is entered into before they can issue the bonds, which would have to be approved by the municipality.

Mr. Auerbach – I hear what you're saying (inaudible) understand you but this State Rep., Linda Gentile, said that her understanding was that 70%-80% of the revenue generated down there would go to pay off the bonds not go into the City treasury.

Atty. Fallon – I don't think that's been determined because there's no agreement yet.

Mr. Auerbach – There's no agreement as far (inaudible) goes?

Mayor Staffieri – I think the appropriate person to answer that would be the representative from Bank of America. Could you please explain how that works?

Mr. Birch – The truth is until the Intermunicipal Agreement defines the amount of debt and the percentage of the revenues that would be used – again what I presented was the “But for Test.” And that “But For Test” has to look at for example the amount of infrastructure that has to go into the project, which I think the numbers are still be put together for that infrastructure. The general answer to your question is yes a portion of the revenues – I can't tell you that it's 70%-80%. I have no idea because I don't have the infrastructure numbers and frankly I don't have a projection of the value of the vertical, which is all going to have to be part of the discussion in terms of the Intermunicipal Agreement. And nothing would be agreed on until that Intermunicipal Agreement is done. So the general concept is correct, but your percentages are purely conjecture.

Mr. Auerbach – So there will be some portion going to pay off the bond, some portion going to the City. How much has that been determined yet? I would think the board would check into that when the documents are made up because as I said the State Rep., who seemed to know what she was talking about, (inaudible) she expects it to be 70%-80%.

Mayor Staffieri – For a point of correction she was not opposed to it at all. She's the one that was very beneficial for us to get the (inaudible.)

Mr. Auerbach – I didn't say opposed – I said proposed.

Mayor Staffieri – But even Ms. Gentile she never knew percentages. Because you never know percentages until – they have to sit with the Board of Aldermen, they have to sit with the Board of Taxation – everything still has to get worked out. Where this conjecture of 80% came from I know it didn't come from Linda because she came to my office after she met with you and – I wasn't at your meeting so I can't really say except that she came to my office...

Mr. Auerbach – She gave us that number and I also asked when you do find out the actual percent will you notify the citizens of Derby.

Mayor Staffieri – When you find out the actual percentage.

Atty. Coppola – Everyone will know.

Mr. Stevens – It will be a public hearing.

Atty. Fallon – There has to be a public hearing.

Mayor Staffieri – (Inaudible) the Tax Board, the Board of Aldermen...

Mr. Auerbach – I just want to make sure that the people know that all the revenue will not go into the City treasury. That some part of it, whether it is small or big now, will go to pay off the bonds.

Mayor Staffieri – Correct – small or big some of it has to go to pay off the bonds.

Mr. Dunne – Mr. Chairman – I just want to add it's worth it to review what the (inaudible.) The Redevelopment Agency's consultant will put a value on that public infrastructure. It's important to remember the public infrastructure will be own by the taxpayers of the City of Derby after it is constructed – not by the developer. We will own the roads, we will own the sidewalks, we will own the streetlights, just like we own it everywhere else in town. So what we're transferring proceeds of taxes to pay for is infrastructure that we will in fact possess. There will be a number attached to that. There will also be another component number in there, which is an estimate from our consultant of the impact of education, the impact of public safety costs, the impact of other municipal costs of having this new development there. It's our plan to recommend to the Redevelopment Agency that we receive enough due funding to cover the costs associated with (inaudible.) And dedicate the majority of the rest of the revenue to the repayment of the bonds for some period of years – that's the basic plan. We will have firm numbers in front of us – we will have a public hearing – we will enter into an Inter Local Agreement for the City. Insofar as to what that percentage number is nobody can speak to what that number is. And I have to tell you I was in 10 to 15 meetings with Rep. Gentile and it was never discussed what that number would be.

Atty. Coppola – Once that number is fixed that remains constant throughout the thirty years?

Mr. Birch – Once the debt is issued there's a fixed level of debt service – there is a fixed rate for the full term of the loan.

Atty. Coppola – So that payment never increases?

Mr. Birch – That debt service would not increase.

Atty. Coppola – And our tax assessment increase over that period of time – who would get the benefit of the tax increase?

Mr. Birch – Any revenues in excess of the debt service go to the taxing body.

Atty. Coppola – The taxing body. So the City would ultimately get any benefit from increase of that.

Mr. Birch – That is correct.

Atty. Coppola – And how about personal property? Does that even come into play?

Mr. Birch – I don't know the basis on which the...

Mr. Dunne – 100% of personal property would go to the City.

Atty. Coppola – So 100% of personal property tax goes to the City. Motor vehicle tax...

Mr. Dunne – Motor vehicle.

Atty. Coppola – Do we have any idea how much that is generating right now?

Mr. Dunne – The tax generation as of three years was less than \$40,000.

Mr. Russo – As a comment what we're talking about is taking a \$40,000 revenue and turning it into something that can pay for itself for the benefit of the whole City.

Atty. Coppola – And apparently not be a financial burden.

Tony Szewczyk, Alderman, Mt. Pleasant Street, Derby, CT – Just for my own clarification this Special Taxing District basically is a mechanism used to provide and generate finances that will pay for public utilities and services like roads, gas, electricity as opposed to what the rep. from Bank of America called the vertical – the actual building construction themselves.

Mr. Birch – Correct. It can only go for infrastructure.

Mr. Szewczyk – Right – it's strictly infrastructure. To provide the needed utilities and roadways (inaudible.)

Mr. Birch – The only thing that could possibly not fall under that would be, for example, public parking is an allowable use and (inaudible.) But it's not paying for any private development, private buildings.

Mr. Szewczyk – If you take my line of thinking one step further on a different level if it's proposed to have like ten-story buildings developed down the road, which he calls the vertical, will the Special Taxing District pay for the hook & ladder that we might need – will it help pay for life and safety features.

Mr. Dunne – That would be one of the costs we would quantify, through you Mr. Chairman, in the Inter Local Agreement.

Mr. Stevens – It would be part of the negotiations.

Mr. Szewczyk – Okay – my final question – there seems like a lot of people have a negative attitude towards this thing. Let's make like a good example of a negative would be the big dig in Boston like it's going on forever. Hopefully we're not going to be like that. So is there a financial mechanism in place so if things proceed at an accelerated pace the monies will be available.

Mr. Russo – For infrastructure?

Mr. Szewczyk – For everything.

Mr. Russo – I think the question was if the project progresses faster than anticipated will the monies be available.

? – How long will it take Bank of America, after the agreement, to sell the bonds?

Mr. Birch – As soon as the district is formed and the Intermunicipal Agreement is approved – as soon as the developer is ready to break ground then we could issue the bonds.

Mr. Russo – I think the question was does the City of Derby have to wait for you to go out and hawk those bonds on the street someplace or are the monies available today if the project was to start tomorrow?

Mr. Birch – I should qualify with – the studies of the project need to be done...

Mr. Russo – Of course – let's assume all of that is done.

Mr. Birch – Let's assume that is an accurate project that is doable then the monies could be ready there the day that the project (inaudible.) This is not a 12-point process.

Mr. Stevens – Does that answer your question?

Mr. Szewczyk – Pretty much.

Dennis Devonshuk, Alderman, Silver Hill Road, Derby, CT – I would just like to be enlightened a little bit in terms of the process that you go through for establishing (inaudible) local entity and who is responsible for that? Could that be a source of delay? I know that (inaudible) approved and voted on by the Board of Aldermen, etc... How that Inter Local is established?

Atty. Fallon – It's spelled out in the Statutes pretty much how it is established. There has to be a petition of fifteen voters (inaudible) the district that brings the petition to the board (inaudible.) At the meeting the property owner of (inaudible) district can vote on establishing the district. They have a board of directors, which would be five people (inaudible.)

Mr. Skolnick – Are you asking how long does it take to negotiate the Inter Local Agreement?

Mr. Devonshuk - No. (Inaudible) who is it? How do they come together? Is there any guidance given to them? Something that I would think if there isn't guidance this whole thing could fall apart right here.

Atty. Fallon – It's set up in the Statutes.

Keith A. McLiverty, City Treasurer, 35 Fifth Street, Derby, CT – I just want to make a point of clarification. The bond counsel that is here tonight is a bond counsel for the developer and the district. The City bond counsel could not be here. I know you spoke today and we're trying to coordinate a meeting probably on Friday. Mr. Russo I think

you should get something from our bond counsel as well – they're going to work together on it. I just wanted to be clear on who is who.

Bob Scarduzio, (Board of Apportionment & Taxation member), 15 Stephen St., Derby, CT
Just a question – how long does this entity exist? Once the debt service is taken care does it dissolve or does it stay for a period?

Atty. Fallon – Either. It could stay there or (inaudible) dissolving. And the municipality votes to accept the (inaudible.) But in order for it to be dissolved it would have to be a vote (inaudible.)

Carl Yacobacci, 176 Main Street, Derby, CT – They said if you vote to disband the Special Taxing District I guess the assets would go back to the town. I'm reading out of a Connecticut Lawyer magazine and it said "The (inaudible) would automatically assume its leftover assets" – it's C.G.S. 7-329 – I don't have that statute but that might (inaudible) because the town does get the assets back. And the – just reading this and going through that – if the development does kind of go south we could be left with a pile to clean up. That's not my main agenda (inaudible.) On the Taxing District – we're going back to 15 voters to – what if (inaudible) members of the 15 is that current people who live there or have property there? If they need 15 voters and one person owns the entire district how would they get 15 landowners or residents to create a vote if there is only one landowner and there are no residents (inaudible?)

Atty. Fallon – 15 voters that have to petition the municipality (inaudible.)

Mr. Yacobacci – I thought you said they have to be residents of the district.

Atty. Fallon – Then once the meeting is called to form the district they have to either own property or (inaudible.)

Mr. Yacobacci – And the point being if they have to have fifteen votes of people who own property or live in the district...

Atty. Fallon – Yeah but the special (inaudible) 15 voters are the ones who petition for the (inaudible) to call the meeting. But then they don't need 15 voters to vote to form the district.

Mr. Yacobacci – (Inaudible) then one person can vote to form the district. And then they would vote themselves as President, Vice-President, Treasurer and so and so of the district.

Atty. Fallon – Well they would have to be (inaudible.)

Mr. Yacobacci – Okay and actually according to this only three of those people have to reside in Connecticut, correct? The other members of that (inaudible.)

Atty. Fallon – (Inaudible.)

Mr. Yacobacci – And one other thing that I want to bring upon in Section 2-B1 it says "upon the petition of 15 or more persons held (inaudible) the City of Derby" as you said

the Mayor can vote on such a petition and it also shows that (inaudible) no way in the 24 hours before such a meeting if you go through this – 200 or more voters or ten percent of the total number of voters, which ever is less, may petition the Mayor in writing for a referendum. Does that mean that if we have 200 more citizens of Derby sign a petition and we can go to referendum whether to vote or not to create this Special Taxing District?

Atty. Fallon – I believe that's (inaudible.)

Mr. Yacobacci – It doesn't show about 200 voters reside in the district. This one here specifically says 200 or more voters or ten percent in total number of voters, whichever is less.

Atty. Fallon – It's in the definition.

Mr. Yacobacci – So...

Atty. Fallon – That language tracks the language of the district statute in general. And its there because if this was just a normal district that was being formed under the Connecticut General Statutes any 15 voters in a town would be able to go and say that we want the area of First Street to be a Special Taxing District. But it gives you the opportunity if you live there to go in and say wait a minute we don't want a Special District here. So that is the framework that's normally done in Connecticut. The language (inaudible) so that you've got 15 voters in the community going in but I believe we defined the word "voter" there – probably (inaudible.)

Mr. Yacobacci – "Voter" any person who is an elector of the district; b.) any citizen of the United States 18 years of age or more can...

Atty. Fallon – Yes – so they have to be inside the district in order to petition for a referendum – inside the proposed district.

Mr. Dunne – Marie that referendum would only be within the district?

Atty. Fallon – Right.

Mr. Dunne – The referendum would be held just amongst the electors of the district?

Atty. Fallon – Right.

Mr. Yacobacci – And another thing when you said about the bond they usually get issued for infrastructures, roads, parking garages so on and so forth. Within the district there is a proposed 1,500 space parking garage. Now would that be a public use parking garage even though it's in a Special Taxing District and then the developer has the right to collect all the taxes, fees, services within that district. Would that be something that he could charge the people of Derby – the other remaining businesses – and the people who come to downtown who are not part of that Special Taxing District to park there? Or will that be a municipal parking garage? (Inaudible) \$45 million of our taxes are going to pay that in the bond. \$45 million in taxes we won't get in being paid back the bonds. And right now the way it goes is the developer will take the

downtown only municipal parking lot in downtown for all the rest of the downtown businesses, restaurants, etc... and there will be left with no parking except for what's on the street. When this 1,500 space parking garage goes in within his district and he does have the power to fix, revise, charge, collect, abate, forgive taxes, fees, rents – yada, yada, yada – this whole paragraph. Is this going to be a private parking garage or will this be for the general public to use?

Atty. Coppola – Can I ask you something? How can you ask that question of her? How can you ask that question of her?

Mr. Yacobacci – She's the attorney who...

Atty. Coppola – For bond – I'm sorry, for the Taxing District legislation. That's such an unfair question to her.

Mr. Yacobacci – I thought she was the attorney who wrote the legislation type things and understood it...

Atty. Coppola – I mean show us in that legislation anything about a parking garage.

Mr. Yacobacci – Well it says that they have the right to construct a parking facility by using this bond money.

Atty. Coppola – That's correct.

Mr. Yacobacci – Right. What I'm concerned with is the parking in downtown. Where the people are going to park without possibly getting charged for it.

Atty. Coppola – How can Atty. Fallon answer that question? How could this board answer that question?

NUMEROUS VOICES – COULD NOT DISTINGUISH.

Mr. Yacobacci – Obviously if she doesn't know she could say I really don't know the answer to that question. But if she's familiar with these kinds of districts, which I'm not, that's why I'm trying to go through this.

Mr. Stevens – You said you can give us a little answer.

Mr. Yacobacci – Or maybe Mr. Skolnick...

Mr. Skolnick – He's talking about the specifics...

Mr. Yacobacci – Well I don't know you bring somebody in and I thought she was more versed upon the subject. So that's my apologies to her. I thought you had a little more detail on this.

Mr. Skolnick – What I'm saying Carl is you're talking about specifics of a concept plan that haven't been filed. And you're asking her to weigh in on a hypothetical that she can't (inaudible.)

Mr. Stevens – This whole presentation...

Mr. Yacobacci – For right now I'll save that question. But that is a question we would like to have answers.

Mr. Stevens – This whole presentation is being provided to give you information about Special Taxing Districts.

Mr. Yacobacci – This is something about a Special Taxing District.

Mr. Stevens – Exactly. This project is still in a conceptual plan nature so to ask specific questions though is unfair. But she does have a little answer for us and I want to hear it.

Atty. Fallon – Really I don't know what the plan is but and anything like that would have to agreed in the Intermunicipal Agreement – you would have an opportunity then – but (inaudible.)

Mr. Yacobacci – Here's a bond question. Are these bonds that get voted are the considered a tax-exempt municipal type bond.

Mr. Birch – Yes.

Mr. Yacobacci – Yes it is. So if this is a municipal bond then by what the attorney said then the parking garage would have to be for public use without charge.

Mr. Birch – If taxes of the bond proceeds are used to pay for anything then it has to be public. If these types of bonds were used to pay for whether it's a road or whether it's a parking structure or whether it's you know a dog pound, it doesn't matter, it has to be public.

Mr. Yacobacci – Okay well actually that's the answer. So the parking garage will be free...

Mr. Dunne – Mr. Chairman...

Atty. Coppola – You're saying free?

Mr. Dunne – Municipal parking garages floated with bonds are not free – they're not free parking anywhere. This lot that's going to be dislocated is not free – people pay to park there.

Mayor Staffieri – The parking garage now is not free.

Mr. Yacobacci – I mean who would get the revenue then from the parking garage?

Mr. Dunne – I think Marie gave you the appropriate answer, which is the Inter Local Agreement between the City, which will have a public hearing on its own for that agreement and that Special Taxing District, will outline those issues. We don't know right now whether what portion, if any, of the 1,500 space garage will be available for

general public parking. But I think you asked a fair question – maybe not to Marie. I think it's a fair question as to whether if there will be, and I think it's a question we need an answer to, if there will be public funds – tax exempt bonds issued to build a parking structure where do the fees, if any, get charged flow? I think it's a fair question and I think we need to know the answer, but it does not in and of itself mean that the garage must be free.

Mr. Yacobacci – I just got one quick question to the board. I don't know if you've seen this or read this, and I've read it – just a quick question and maybe Rick knows in the last section they talk about a possible walkway that's going across the river to Shelton. Is that something that is in the foreseeable future?

Mr. Dunne – With your permission Mr. Chairman – I'll make it brief.

Mr. Stevens – Go ahead.

Mr. Dunne – There have been continuing talks through the Council of Governments and between the municipalities about connecting various aspects of the Greenway Trail through Shelton, Derby and Ansonia.

Mr. Yacobacci – Oh that's for the Greenway Trail.

Mr. Dunne – Yes. So any connections across to Shelton that will not – right now the default position is to go to the Derby/Shelton Bridge, but it maybe something else in the future. But that's not related to this project.

Arlene Yacobacci, 10 Lombardi Drive, Derby, CT – All along the developer was supposed to pay 100% of all the infrastructure costs. Now because of the bonding issue that \$45 million doesn't go into the Grand List – is that correct?

Mr. Stevens – I don't think the developer...

Mrs. Yacobacci – Oh I can go back to minutes...

Mr. Stevens – There was a GAP Analysis that needed to be studied.

Mrs. Yacobacci – Okay but when will we see that and project it out? I know the first year there's a lot of windfall because of the permit fees being issued. When will see that Fiscal Impact Analysis?

Mr. Stevens – The Fiscal Impact Analysis...

Mrs. Yacobacci – Actually see how it benefits the town.

Mr. Stevens – Well it's a conceptual project right now so we can't do a Financial Impact Analysis until we have an actual solid project, correct?

Mr. Skolnick – We're in the middle of putting together that GAP Study and we expect it to be complete toward the middle/end of the summer.

Mrs. Yacobacci – Okay so we still don't know the economic benefits to the town still. Now my other question is what's the time period for the developer to start paying taxes? Once he acquires that property back there does he start from day one paying taxes? He does.

Mr. Dunne – As the gentleman from Bank of America said that he maybe capitalized in bonds that they issue at some point and they may in effect pay on behalf of the developer to the investors the money that would normally flow as taxes. But they're going to be liable for days from day one.

Mrs. Yacobacci – And then you had said Rick that the town is going to recoup all the costs. So how is that possible? Is the mill rate going to be higher in that district? Is the property values going to be assessed higher? How is the town going to recoup the education, police, the fire, the sewer – everything.

Mr. Dunne – The costs associated with the projection of impact to education – it will be impact to all City services, but primarily education and public safety. It's yet to be cleared what public maintenance is to be done. In the Inter Local Agreement we will make some negotiation with the developer about who maintains the streets or whatever. They may wish – some Special Taxing Districts handle it on their own. Some rely upon the larger municipalities to do it. But that determination comes at the point where we actually know what the project is in its final form or near to final form. And then our consultant with the Board of Education will consult with the Police Department, the Fire Department – every City official who has some knowledge about what the potential impacts will be and that would be quantified with a cost. In terms of generating revenue it goes almost without saying that the revenue to be generated by this project when built is astronomically higher than the revenue being generated today. So sure there's a bit of an assumption that the impact to municipal services by the construction of this would be a relatively minor percentage of the overall income and benefit to the taxpayers of the City. We can't tell you today if it means there'll be additional revenue above and beyond that will flow to the taxpayers during the time of the debt.

Mrs. Yacobacci – Right because right now you're just talking about just covering your costs not anything else to lessen the burden of the taxpayers in the City.

Mr. Dunne – But please understand typically in redevelopment projects Cities issue their own bonds at the front end to build roads and infrastructure – that's the way it normally works. The City of New Haven issued bonds to build everything for Ninth Square first – brought in developers to build the actual buildings. We are actually avoiding that process of having the taxpayers take on liability to build public infrastructures to then entice developers.

Mrs. Yacobacci – But we already had enticed the developer. (Inaudible)...

Mr. Dunne – We don't have an agreement.

Mrs. Yacobacci – You don't have an agreement?

Mr. Dunne – We don't have a final project. They don't have site plan approval.

Mrs. Yacobacci – You have a PDA signed.

Mr. Dunne – Sure and that can end at any given time within the PDA. We don't have a project yet.

Mrs. Yacobacci – So the City has no guarantees from the developer is what you're saying.

Mr. Dunne – Insofar that they'll build the actual development that's in the Conceptual Plan?

Mrs. Yacobacci – Correct.

Mr. Dunne – No – (inaudible) – it's not represented otherwise.

Mrs. Yacobacci – So you could go through the whole eminent domain process, take our property, and there's no guarantee that this project will even be done?

Mr. Dunne – No I don't think we would ever proceed to eminent domain, if necessary, without a real project ready to go.

Mrs. Yacobacci – And that's when we'll see the Fiscal Impact Analysis (inaudible.)

Mr. Dunne – I don't know what the timing of that would be. I mean we would all hope that there would be friendly negotiations.

Mrs. Yacobacci – Okay so we can ignore the December 2006 date that our properties are taken over.

Mr. Dunne – I don't think you were ever notified of that.

Mrs. Yacobacci – It was in the newspaper – yes.

Mr. Dunne – It was in the newspaper – that must make it true.

Mrs. Yacobacci – Well obviously they got it from a source.

Atty. Coppola – Where did that come from?

Mr. Stevens – I don't read the newspaper.

Atty. Coppola – What newspaper?

Mr. Yacobacci – Just to reiterate that quick – you're saying that we're not going to have our properties taken by...

Mr. Dunne – I didn't say that.

Mr. Yacobacci – You did say that so...

Mrs. Yacobacci – I will get you the article.

Mr. Yacobacci – So our property may be taken by December...

Mr. Stevens – This discussion period is for the Special Taxing District. Any other questions on the Special Taxing District? Any other questions.

Martin Martino, Board of Apportionment & Taxation, W.P.C.A., Chair – My question is about the infrastructure. Can any monies used for the infrastructure through bonds that would put a strain on our current sewer plant be considered part of the infrastructure?

Mr. Dunne – I'm sorry could you...

Mr. Martino – What I want to know is in order to put this in its going...

Mr. Stevens – Increase the sewer strain on the street.

Mr. Martino – Yeah – Can I...

Mayor Staffieri – Increase the capacity of the sewer...

Mr. Martino – Increase the capacity of our needs for our sewer plant and our sewer plant needs to increase its ability to process that, could that be considered part of the infrastructure and be part of the bonding?

Mr. Dunne – It probably could.

Mr. Stevens – Mr. Birch is shaking his head.

Mr. Birch – Again, it's all...

Mr. Stevens – its all negotiations...

Mr. Birch – (Inaudible)

Mr. Dunne – I think we have to talk about the actual infrastructure though. Marty I think if this were in a different part of town then I think there might be potential – I would have a potential concern there. Proximity to the plant – the plant doesn't have a capacity issue; the plant has a technology issue that it suffers from dealing with all (inaudible) from the entire City.

Mr. Martino – I understand exactly what you're saying.

Mr. Dunne – Right – but capacity wise that plant was built to handle almost 60% additional capacity that was being generated by Hull Dye & Print, which was when it was built. So that plant operates at really 40%-50% on a daily basis. It does not particularly treat ethylene very well. Technologically it is not up to snuff.

Mr. Martino – And it needs to be up to snuff.

Mr. Dunne – The City needs to deal with that – the sewer authority needs to deal with that.

Mr. Martino – This is my question – it needs to be up to snuff in order to service this project.

Mr. Dunne – Right but we don't have to increase capacity.

Mr. Martino – (Inaudible) that would not be considered part of the infrastructure. Only the pipe going into the plant would be considered part of the infrastructure.

Mayor Staffieri – Marty's trying to get some money for...

Mr. Dunne – Part of this project conceptually but almost definitely would relocate 46" or 48" main that runs through that parcel to the plant.

Mr. Martino – And can I just clarify one thing. The Hull Dye Plant is not the same thing as raw sewage.

Mr. Dunne – No but it was built to be processed the same way.

Mr. Martino – Right – the capacity actually changed.

Philip Robertson, Chief Administrator, City of Derby – Wouldn't the potential problem with the treatment plant if the City discovered that there was a problem with the structure of this project (inaudible) wouldn't that be part of the discussions between the City and the Special Taxing District?

Atty. Coppola – I would think.

Mr. Waleski – (Inaudible) is not fully serviced by utilities. How will it be financed? Will that come out of the bond issue or will that be handled by the developer? The other question is as this development is proposed a great deal of it will be owned by condominium associations. And as you know condominiums are private – they'll be private property. A great deal of it will be subject to the wishes of the condominium association. How are we going to correlate all of that? It also has to do with the parking garage. Is that going to be owned by the condominiums or is that going to be owned by commercial interests or is the City of Derby going to have any interests in that (inaudible) facility? These are a great deal of serious questions here that have to be finalized and I hope as we proceed in our deliberations here we have frequent public hearings not only to inform the public but to give us an opportunity to make some comments about some of the aspects of this development.

Mr. Stevens – As was mentioned there will be public hearings regarding this whole issue. And the parking garage was discussed. The first part of your question was – repeat it again please I'm sorry...you were talking about the utilities I think – electrical...he was questioning specifically utilities – electrical and whatnot.

Mr. Birch – Again the proceeds from the bonds can be used to pay for public infrastructure including public utilities. So roads, sewer -

Mr. Stevens – Basically Mr. Waleski the bond can cover anything that is under public control.

Mr. Skolnick – Just for clarity I've heard it a number of times that \$45 million number. People should know in this City that that's a capped amount of bonds and the absolute amount of the bonds issued to cover the cost of the infrastructure described by Marie and Bob and the Feasibility Study will determine how much bonds are going to be available for the infrastructure. And that \$45 million is not an automatic number; in fact it's a very high number. It's a capped number.

Mr. Dunne – The enabling legislation says up to \$45 million.

Mr. Skolnick – That doesn't mean there are bonds sitting in Bank of America for \$45 million that we're going to determine how to dole out.

Mr. Dunne – I assume we can ask Mr. Birch that the bank is not going to issue more in bonds than the project will support. If the number is smaller it will be less than \$45 million.

Mr. Birch – That is correct.

Mr. Russo – I guess the other comment that I would like to make – Mr. Waleski was pretty adamant about the fact that the condominium association is going to be running this project. For the record I don't believe that that was part of this. I mean I've never heard that anywhere.

Mr. Skolnick – They will control – if there is a condominium building the condominium will control that private property. But the public property is always the public property.

Mr. Russo – I just want it to be clear that the condominium association is not going to be controlling the whole project.

Mr. Stevens – Or the infrastructure.

Mr. Dunne – Typically an urban-style condominium would not control any of the property outside their walls.

Mr. Szewczyk – This subject came up before us or I missed it but the Special Taxing District – okay, good – it's mostly a hunk of the City of Derby that's being designated as a Special Taxing District. Does that also include Rt. 34, which is a State road? This Rt. 34 included within Derby's Special Taxing District there's some other finagling going on for this State. (Inaudible) whatever public utility work that happens to Rt. 34 is really a State problem. But does Special Taxing District monies go to improve State roads?

Mr. Stevens – I know Mr. Dunne has the answer to this.

Atty. Coppola – We can't touch Rt. 34.

Mr. Dunne – Right – Rt. 34 is owned by the State of Connecticut. However you are right – any infrastructure improvements made by regulated public utilities – typically the phone company and the electric – they're not generators anymore, they're providers – that's taxable personal property that falls under a Pilot or a formula under which the City collects personal property tax from the utilities or from the State on behalf of the utilities. So any improvements in Rt. 34 would constitute an addition to that public infrastructure that is taxable that the City would continue to collect from Rt. 34. Because we – as opposed to roads and sidewalks utility improvements whether you pay for them or the guy at Archie Moore's pays for them become the property of the utility company. The utility company, through this mechanism, pays taxes to the local municipality.

Mr. Szewczyk – So the bottom line is this lets us (inaudible.)

Mr. Dunne – But that would go for public infrastructure owned by the utilities within the district as well.

Mr. Szewczyk – Part of that \$45 million...

Mr. Dunne – No. It may pay – the \$45 million may pay for conduit, may pay to pull wire – but the tax revenue that is generated from that personal property it won't be part of the tax revenue collected from the development to repay bond. It will be part of property that is valued and taxes are paid on directly to the City.

Hearing no one else wishing to address the board...

A MOTION was made by Mr. Russo with a second by Mayor Staffieri to close the public question and answer period. **Motion carried.**

ADJOURNMENT

A MOTION was made by Mr. Oraziotti with a second by Mr. Russo to adjourn the meeting at 8:10 p.m. **Motion carried.**

Respectfully submitted,

Patricia Finn
Recording Secretary

A TAPE RECORDING OF THIS MEETING IS ON FILE IN THE TOWN & CITY CLERK'S OFFICE.