

CITY OF DERBY
REDEVELOPMENT AGENCY
SPECIAL MEETING

March 18 2010 6:30 P.M.

DERBY CITY HALL – ALDERMANIC CHAMBERS
MINUTES

Call to order:

Chairman Joseph Bomba called the meeting to order at 6:30 p.m.

Pledge of Allegiance:

All rose and pledged allegiance.

Roll Call:

Present: Glenn Stevens, Greg Russo, Michael Kelleher and Chairman Joseph Bomba.

Absent: Ken Hughes

Also present: Mayor Anthony Staffieri, Director of Economic Development Sheila O'Malley, and Corporation Counsel Joseph Coppola.

Approval of Minutes - February 9, 2010

Motion to approve by Mr. Kelleher, second by Mr. Stevens, all in favor, Mr. Russo abstained, motion passes.

Public Portion:

No one from the public spoke.

Motion to close public portion by Mr. Stevens, second by Mr. Kelleher, all in favor, motion passes.

Introduction of Developer by Sheila O'Malley

Ms. O'Malley read the following into the record:

I consider myself to be very fortunate. I work for a wonderful City with residents who truly care about the well being of their community, boards who serve with dedication and commitment on a volunteer basis, I have the pleasure of working with dedicated professionals. I have met people here who I now call good friends.

In October of 2009 Mayor Staffieri and I and other public officials met with representatives from the Connecticut Development Authority.

For those of you who don't know, CDA is a state agency that provides debt financing and investment capital to help businesses grow in Connecticut. They work on all sites, but especially those that are particularly challenging.

I had asked for a meeting as I frequently do with state agencies like CDA if for no other reason than to make the agency aware of Derby's Downtown Redevelopment Project and to discuss the State's potential for involvement in our downtown project. We analyzed different funding mechanisms and incentives available regarding brownfields, and other redevelopment issues and we spoke about successful projects that they had worked on throughout the state of Connecticut.

In January of 2010 I received a call from a representative of CDA who we had met with in October and whom I have known professionally for over ten years. She explained that CDA and its Connecticut Brownfields Redevelopment Association had just completed a successful brownfield Tax Incremental Financing in the amount of \$2.3 million on a \$55million 22 acre parcel in the Town of North Haven on Universal Drive with Eclipse Development Group out of Irvine California. They further explained that they thought about Derby and its downtown and recommended we speak with the successful developers of North Haven.

I have visited the North Haven site several times along with others and I also spoke with the First Selectman of North Haven, Michael Freda who said he was pleased with the development and the cooperation he received while working with Eclipse Development Group.

My first conversation with Douglas Gray went something like this:

"We have a beautiful site at the confluence of two rivers, highly visible, in the center of the Lower Naugatuck Valley just waiting for the right mixed-use development and the right public private partnership."

Part of my job, unfortunately is to explain any and all obstacles to redevelopment.

So I said with caution " I think you should be aware that we do not own all of the 22 acres"

He said "ok"

I said, "There are some brownfields issues on the property"

"Ok" the developer said

"there is a sewer treatment plant located right on the property" I said

"Annnnnnd?" he replied.

"I think you should be aware that there is going to be an expansion of Rte 34/Main Street which abuts the redevelopment area"

"Alright" he said,

"I think it is important for you to know that almost everyone here is soured by a deal gone bad and a partner that did not know the meaning of partnership. "

"Also, did I mention that everyone is leery of the next step. There is a level of mistrust over the years that centered around a downtown deal that never materialized."

And finally I said, "But I think you are going to love it"

"Ok Sheila I would like to take a look. It sounds like a site with challenges that I have faced before and I want to see what it looks like." He said

A couple of plane trips, several meetings and hours of discussion later, brings us to tonight. I will let the developers speak to their accomplishments.

I have previously asked that this Board consider other developers, a sports complex, a mixed use conceptual design, a drugstore ; all good ideas. None of them had the financial backing to move forward with their visions and some of the developers did due diligence and found that their proposed activities would not be supported in today's environment.

I appreciate the thoughtful nature in which the citizens of Derby and this Board have approached redevelopment. I am very mindful of the difficulties you have had in dealing with less than sincere developers. I am extremely cautious about the City and its future. I also very much appreciate the flexibility you have extended to me as an Economic Development Director and I can assure you that I do not take my duties and responsibilities lightly. I am asking for your cooperation again in exploring the possibilities with this group who CDA has said "actually puts a shovel in the ground instead of just talking about it." Along with the North Haven site you will see other projects that the developers have worked on. These projects include difficult brownfields sites, demalling malls and sites

much larger and far more complicated than ours. In fact, North Haven is adjacent to a landfill and had millions of dollars in cleanup costs. I think the quality of Eclipse Development Group's work speaks for itself as you will see and I ask for your consideration of their presentation.

Presentation of Proposal to Study & Offer Professional Opinion on the Downtown Redevelopment Zone of Eclipse Development Group, Irvine, CA.

Doug Gray - President and Paul Bernard - Executive Vice President of Eclipse Development addressed the agency. Mr. Gray has been in development since the mid 80's.

They specialize in redevelopment and brownfield development. They came upon the site through CDA and was referred to the City of Derby.

The issues as presented by Ms. O'Malley are not large issues. They have done de-malling to million square foot malls, little corners of 6,000 and 6,800 square feet, super fund sites at closing, super fund sites developing on top of them, and building on top of landfills and projects that have perplexed many other developers. Typically they are the third, fourth or fifth developer in.

They have a recent development in North Haven. The developers presented recent projects including North Haven, Monterey Park Market Place, Downey Landing and Crossings at Huntington Beach. They have strong relationships with strong National Credit tenants.

The site does not have to be phased in. It could be developed all at one time. It can be built within 14-18 months.

It would have a timeless feel, with quite a bit of pedestrian crossings and water features with concrete pavers and walkways to connect to areas. The parking lot would have planters, trees and possibly a parking garage.

There would be retail shops, perhaps an upscale movie theatre...no **BIG BOX** tenants. They would take some concepts from the City carrying through with history.

They have very good reputation with tenants, because they do not tie up sites and not build them. When they talk with them, they know it is moving ahead with construction.

The development will never be built on what the original first plan is, it will constantly be evolving.

The way the financial market is now they will need to be 88-95% pre-leased.

The anticipated construction cost for the Derby parcel is \$50-85 million dollars. The residential market is not strong. The biggest box would be the theatre. The Rte 34 project is very much a positive to this development.

Once the agreement is done with the City, Eclipse would immediately talk with the property owners. A preliminary concept would be available within a couple months and evolve continually.

The river walk would be tied into the project.

Eclipse would be available at the monthly meetings.

Public Question & Answer Period

Ron Sill - 73 Grove Avenue. Mr. Sill disagreed about the housing because if there was senior housing, they would definitely stay there, walk, shop and eat there. Also are there any plans for the leveling of the site, where people can actually see the river? There would be some leveling, not for the entire site.

Carl Yaccobacci - 10 Lombardi Drive. Mr. Yaccobacci wanted to know what kind of stores would be brought in, we already have a Target and Walmart. Mr. Gray stated it would definitely not be **BIG BOX**, it would be smaller quality shops and pedestrian friendly.

Mr. Yaccobacci also stated Rte 34 will be a problem for people to cross the road. Mr. Bomba stated the Rte 34 project is a state project.

Mr. Yaccobacci stated there was a Friends with Texas project for \$200,000,000.00 mixed use development that was to increase the tax base. The City Council had to take an easement by eminent domain from Eclipse because it couldn't get to an agreement with the town, so the town had to take action, and then the property went up for sale shortly thereafter.

Mr. Gray stated the city of Friends was putting in a sewer line and did not want to wait until the development was planned on it to line up the sewer line.

Arlene Yaccobacci - 10 Lombardi Drive. Ms. Yaccobacci wanted to know if Eclipse had any examples of mixed use. Mr. Bernard will send a video with mixed use. There will be no **BIG BOX**. Ms. Yaccobacci requests that there be access to the river walk and the river views available. She would also like to see a skywalk for people to use to cross Rte 34. Mr. Bomba stated the Rte 34 project is a state project and a skywalk is cost prohibitive.

Mayor Staffieri stated there is a meeting scheduled for April 6th as a public meeting for Rte 34.

Bill Steeves - 3 McConney Grove. Mr. Steeves said don't get too hung up on design and tradition. Utilize the use of the river.

Discussion & Possible Action regarding Eclipse proposal for Exclusive Due Diligence Study of Downtown Redevelopment

Attorney Coppola stated Eclipse will explain what the goal and relationship would be for the next few months, what is the goal, what is the purpose of the agreement, who is going to pay for the cost of the agreement, and what happens at certain milestones, and why they have decided to come to Derby.

Mr. Gray stated the site is exciting because of the river, traffic and is somewhat contained. The parcel can be developed where it is not impacted by what is around it. There will be time required for due diligence to talk to tenants, to drive the retail and to layout a site plan. There will also be talking to the property owners on the site, along with the potential tenants for the first 60-120 days.

Then the concept plan takes shape. The cost is on Eclipse. The risk for the city is to sit tight while Eclipse does its due diligence.

Eclipse will be available for the monthly meetings.

Eclipse is looking for a commitment from the City is to be a partner while they do due diligence and then move this project ahead. They will be a partner by marketing the property and talking to a lot of tenants and keeping the City abreast of where Eclipse sits.

They will have a pretty good idea within 120 days if they have something that will work.

The next phase will be juggling the layout of the development and see how the pieces fit to take it to a stage where the next stage is drawing plans and move to construction. That could be 4-14 months. They are driven to bringing it to a construction stage as quickly as possible.

Prior to the drawings the financial capability will be explained to the City.

The commitment from the City will be to not deal with other developers while the due diligence period is ongoing. If something should go wrong, the City will not get a bill for anything. This is all at Eclipse's cost.

Mr. Bomba reminded the agency the City is in a position to listen to any and all people who bring something forward.

The motion is for the purpose of entering into an agreement with Eclipse and not entertain other developers during the due diligence study.

Within 18 months Eclipse would be looking at putting a conceptual and final plan together and ready to put a shovel into the ground.

There will be an agreement that will put milestones as to what Derby is looking for, when the milestones are met, the agreement is to enter into a purchase and sale agreement to develop.

MOTION by Mr. Kelleher with a second by Mr. Stevens to allow staff to negotiate a contract with Eclipse for an exclusive due diligence study of downtown, all in favor, motion passes.

Discussion regarding Contractual Negotiations with Eclipse

The aforementioned document can be ready within 1-2 days.

The document can be recommended to the Board of Aldermen for approval at its meeting next week.

A redevelopment plan was accepted in 2000. The study will have to take into consideration the plan that was accepted.

Mr. Stevens and Mr. Russo want the special taxing district taken out of the agreement.

Potential site plan(s) could be completed by June.

The developer option could be by 120 days. Then the long term milestone deal could be determined.

The long term milestones are testing, borings, tenant commitment and property acquisition, then they will start digging. This could realistically be completed by 12-18 months. This is a document to take Eclipse to a purchase and sale agreement. It could be much shorter.

If after 120 days, Eclipse states it will not move forward the contract is terminated.

Mr. Russo would like to see the site plans in a short period of time. Then thereafter some formal conceptual plans (with no moving parts! per Mr. Stevens) within a 6-9 month period.

Mr. Gray stated it could be done within 12 months with reasonable alterations. Changes would be considered if a tenant they have been chasing, as deemed right for the site, has agreed to be a tenant and would be considered a reasonable alteration.

Within eighteen months there will be an executed formal contract for purchase and sale that will have attached site plan elevations.

The conceptual site plans will not be a public document.

Milestones that have been met will be explained to the public.

Adjournment

Motion to adjourn by Mr. Stevens, second by Mr. Russo, all in favor, motion passes at 9:05 p.m.

Respectfully Submitted,

*Denise Cesaroni
Recording Secretary*

******These minutes are subject to approval by the Redevelopment Agency at its next regular meeting.**