

**DERBY BOARD OF ALDERMEN
SPECIAL MEETING**

DERBY CITY HALL – October 22, 2009 – 6:00 P.M.

MINUTES

The Honorable Mayor Anthony Staffieri called the public hearing to order at 6:06 p.m. All rose and pledged allegiance to the flag.

Roll Call

Present: Anthony Szewczyk, Sam Pollastro, Ronald Sill ,Joseph Bomba, Beverly Moran and Ken Hughes, President.

Absent: James Benanto, David Lenart, and Scott Boulton.

Also Present: Corporation Counsel - Joseph Coppola and Glenn Stevens – Redevelopment Agency member.

Public Portion

Mr. Hughes reminded everyone, since this is a special meeting comments can only be directed to what is on the agenda.

Tom Lionetti - 79 Sunset Drive. Why was the regular meeting postponed? Mr. Hughes said this is a public portion and not a question and answer. Mr. Lionetti would like to reserve the right to speak after item #9 on the agenda so he could have a little knowledge on how to speak on this. Mayor Staffieri said this is the time to make comment.

Richard Volo - 282 Shagbark Drive. His concern is regarding the Cerruzi settlement. He feels the following questions have never been answered:

1. Why did this administration so promptly after taking office push for a termination/rescission of the contract without telling the City electorate why that was taking place, fully explaining the purpose and underlying reason.
2. What costs of demolition has the City paid to date, and what costs will the City have to absorb, taking into account the contract allows Cerruzi to choose that contractor to do the work and the City didn't have control over those costs.
3. How much additional fees will the City have to pay for outside law firms? When we say 1.75 million to Mr. Cerruzzi how much for demolition, and everything and how much for legal fees and how much more for legal fees. The electorate is entitled to know that beyond the 1.75 million especially in light of the fact that the City of Derby doesn't even know why the contract was rescinded in the first place.
4. The Board of Aldermen should not walk into an Executive Session and make a decision and tell the electorate two weeks before the election that we are settling the case for 1.75 million because it is in the best interest of the City when there's been no full disclosure of other costs the City has paid for and what will have to pay, including demolition and legal fees. What was the original contract, why did the City rescind the contract, why are we settling the contract. The judge said the City is not entitled to lost properties. He feels to be fair to the voters of the City of

Derby, this board should wait until after the election and tell the City electorate how much the City has really paid for, how much the City is going to have to pay in addition to the settlement amount.

5. Will Mr. Cerruzzi own the properties he has acquired already or is the City of Derby going to get the properties back. If it is the former we will be back to square one which is dealing with him as part of the redevelopment project. He doesn't think it is 1.75 million, he thinks it is closer to 5 million.

Renee Luneau - 102 Hawthorne Avenue. Since there is no regular meeting tonight, she would like to know if an addition could be added to the agenda. There is an issue from last year, where a motion was made by Mr. Hughes and seconded by Mr. Bomba to continue to have Annex Associates run the transfer station until October 23, 2009 which is tomorrow. Time is of the essence. Mayor Staffieri said it cannot be added in a special meeting.

Dan Waleski - 21 Elm Street. He feels uncomfortable with Mr. Volo's presentation. He is addressing your board as an attorney and feels some of his points are exaggerated. Mr. Waleski has attended so many meetings, he has heard so much of downtown development and looking forward to a public meeting seeking information from the general public and not having a developer tell us what he wants. Mr. Waleski feels this "attorney approach" won't help solve the dilemma we are in. He appreciates his interest in the City in looking into these things deeply, but he has gone overboard here and could be more objective. This is very important to have this development go as smoothly as it can. Mayor Staffieri thanked Mr. Waleski for his attending the meetings he has and said if more people would come to these meetings they would see everything is open, it's in the past minutes and nothing was done behind people's backs.

Robert Hyder - 51 Franklin Avenue. He has asked Corporation Council on four occasions and received no response. Two years ago before the 2007 election he received a flier, that says Tony Staffieri has made Derby a place we are proud to call home. On the back is a picture of downtown "on the verge of rebirth". If you look outside, it is the same picture, nothing has been done since this mailing.

One month after getting re-elected this board of aldermen broke the contract with Ceruzzi resulting in a settlement offer that you are about to decide on. That unlawful decision has resulted in a 1.75 million dollar liability being thrust upon the taxpayers of Derby. This Board of Aldermen was ill advised and was over their heads in making this careless decision. It goes beyond the 1.75 million dollars because the taxpayers of Derby have already been forced to bear the burden of 1.3 million dollars to remove the asbestos and tear down the buildings of which payment for the Scarpa building is still outstanding.

In addition, the legal fees associated with this mess brings the total cost to the taxpayers of Derby to approximately 4 million dollars.

Seeking an extension for this decision, and proposing going to a referendum for the citizens of Derby to decide how to dig Mayor Staffieri and this Board of Aldermen out of a hole is weak. If you have the courage to make this decision to break this contract with Cerruzzi you need to have the same courage to make this decision on your own. You made this bed so now you have to sleep in it. You have no choice but to accept the settlement from Ceruzzi, if you don't accept it, it will go to trial and you will lose.

The taxpayers of Derby will then have to pay up to 45 million dollars in damages to Cerruzi and furthermore, there should be no need to discuss this behind closed doors. There are too many closed door meetings in this administration and that's why the City is facing this issue tonight.

The Staffieri administration purposely misled the voters in that political mailing and now the citizens of Derby are paying a very dear price. He can only hope they accept this settlement because if you don't, you will never see another settlement offer from Ceruzzi that is even remotely close to this number again. The millions of dollars in liability the taxpayers of Derby will be forced to pay are on the shoulders of this Board of Aldermen. Don't make your first mistake worse by not accepting this offer.

Mr. Waleski - Mr. Waleski said this feels like political presentations and feels like he is out of order at this point.

Carl Yaccobacci - 10 Lombardi Drive and 106 Main Street. Mr. Yaccobacci said it is true people want to know what went on downtown. He has lived through the past administration. He knows why the contract is broken. He believes it had to be broken. He lived with trying to negotiate with Stoneridge Partners for many many years and never went anywhere. He doesn't believe the project was ever going to go forward.

In the beginning Mr. Cerruzi said he had a corporation of 35 billion dollars backing him up and no public funding was needed. Buildings were to be up in 2004, he got his first notice that he was getting relocated in May 2004. It is not because of the past administration or the current administration, because the developer came in, promised everything and all he was doing was going after public funding.

If everyone was at the meetings and they had these gaps of 100 million, brought down to 60 million, 30 million, they wanted the public funding, they went to the state, they lobbied the state for the 45 million taxing district, they lobbied the state for more redevelopment money, all the time when they first got the development they said they had the money to do the project. Mr. Yaccobacci doesn't blame anyone for that contract except for who originally signed it.

Mr. Yaccobacci showed lists of summonses. How could the board balance the cost of three quarters of a million dollars to pay Cerruzi versus how much the legal fees are going to be.

Since the Cerruzi contract was voided, there have been conversations with people wanting to come downtown with Housatonic Lumber and Lifetouch going out of business, things have changed from four and five years ago. There's been more progress in the last four or five months than there was in the last five years. There is a realistic plan to have people willing to start to get tax generating facilities in order to fund so we can book part of that 45 million and actually pay it back. It has to be paid back by tax dollars generated within this part of town. In order to use that 45 million dollars we have to generate taxes.

There is an expansion project for 2012, why are we going to put buildings up here on Main Street when the state is going to come in and possibly take some property to expand route 34.

He doesn't want to see 1.75 million paid to Cerruzi, he didn't really do anything. They were not planning on putting anything up. The buildings that were torn were at their cost anyway. He has lived this since 2004. He does see things happening for downtown Derby, it will take some time but there has been more progress now than the last five years.

Mayor Staffieri said Mr. Yacobacci has been to almost every meeting for the last four years. People need to get their facts straight.

Mr. Calvert - 40 Caroline Street. Over the last four years, he sat in a meeting where Mr. Hughes read a statement what a jolly nice fellow Mr. Skolnick was and how irresponsible we were because we didn't deal with him. Now it turns out he (Skolnick) was always what we said he was, an opportunist and not good for the City. He was wondering if at some point the board would rescind some of these remarks and say the Calvert's, Yacobacci's, the Auerbach's were not the cause of this, not the cause of this not going forth. We were in the midst of this. Unfortunately, you never supported us, we are family. He is wondering if at some point they would make a statement that you were incorrect in the things you said about us even if you thought it at the time. He asks if they could make a statement to the press or in a meeting.

Richard Volo - Mr. Volo feels bad for Mr. Yacobacci and Mr. Calvert because they haven't resolved their property issues yet and he finds it interesting that (?unknown) agent was chosen as a referring firm especially given the employment position of a local former state senator from a neighboring town in that firm. At what circumstances did the City absorb these costs. Perhaps that should have been disclosed.

Mr. Waleski suggests Attorney Volo get a copy of the contract available at City Hall. It is pretty obvious the comments Mr. Calvert has some substance. Mr. Volo would see things are not as rosy as they have projected.

Mr. Lionetti cannot believe the Mayor would say come to the meetings. These are taxpayers, they have a right to come whenever they want to come. They don't have to come to 25 meetings. Every time he comes to a meeting, he never gets answers or a thank you Tom, that was good.

Public Portion.

Mr. Hughes said there seems to be some confusion on the Board of Aldermen terminating the contract and the timing of the election. When they first went into office in 2005, they said they were going to work with the developer for two years. They met weekly, sometimes twice a week. Eighteen months into it, they realized this guy was not for real. The first and the last meeting were basically the same.

Right before the 2007 election the developer presented the City with a term sheet which was a document on renegotiating the agreement. This was right before the election to rush us into a decision to force the City to enter into another bad agreement. They did not cave in to that political pressure. That is when they decided to terminate the agreement. When the question arises as to why they waited until after the election, it had nothing to do with the election. It was the timing of the developer trying to hold our feet to the fire and trying to put Derby up for sale before the election. He is proud of this board and the Redevelopment Agency for not caving in, which is not easy to do during election time. He really takes offense when they are accused of things 100% not true. If people take the time to ask, they will get the same answer, it is as simple as that.

Mayor Staffieri said when he was first elected four years ago, Mr. Skolnick said to him the reason why this project never moved along is because there were never meetings with the past Mayor. Meetings were scheduled every Thursday and they were not closed door meetings. We listened to a lot of things, but because of the contract the former Mayor signed we were obligated to perform. In 2007 he put pressure on the City to amend the preferred developer agreement. We

fought it and we won, by the court giving us the victory of getting a new developer, the victory of removing the liens off the properties, we are following the right way. He will not let people take advantage of Derby.

Commodore Hull Thanksgiving Day 5K Road Race - Placement of Signage - Main/Bridge St and Veterans Green Memorial located near Tailgators.

A MOTION to approve by Mr. Hughes with a second by Mr. Sill, all in favor, **motion carries.**

Recommendation of Appointments to the WPCA Authority: Carolyn Duhaime (R), John Saccu (D), Richard Stankye (D), Leo DiSorbo (R) and Richard Bartholomew (D).

A MOTION to approve by Mr. Sill, second by Ms. Moran, all in favor, **motion carries.**

Opening Bids - Water Street - Map 8-7, Block 237. Discussion and possible action

Mr. Hughes said the sealed bid was opened at 6:00 p.m. and was read into the record: "To the Mayor, City of Derby from Derby Water St. LLC...Derby Water St. LLC offers \$10,000.00 cash for a portion of Lot 237 map 8-7 Water St., Derby and accepts all terms per Request for Proposal - Invitation to Bid. Michael Tracz and George Schrade. **A MOTION** to accept the bid in the amount of \$10,000.00 contingent upon receipt of an 824 report from Planning & Zoning at the November 3 2009 meeting and presentation contract for sale to the board of aldermen by Mr. Hughes, second by Mr. Bomba, all in favor, **motion carries.**

Executive Session: Pending Litigation, Cerruzi Derby v. Derby, Discussion of Status of Litigation.

A MOTION to go into Executive Session and invite Corporation Council Joseph Coppola, Mr. Glenn Stevens of the Redevelopment Agency, and Mr. Yaccobacci by Mr. Szewczyk, second by Mr. Pollastro, all in favor, at 7:38 p.m., **motion carries.**

Ceruzzi Derby v. Derby, Litigation - Discussion and Possible Action

A MOTION to come out of Executive Session at 8:00 p.m. by Mr. Hughes, second by Mr. Bomba, all in favor, **motion carries.**

Mr. Hughes addressed all present:

"Back in 2005, most of us ran for office on the platform of Downtown Redevelopment. As many others in the City, we were concerned as to why there was not any progress with the project. Once in office, we were immediately able to knock down the buildings, and at least clean up the properties. We also held weekly, sometimes bi-weekly meetings with the developer in order to push this project forward. We secured a \$45 million dollar taxing district for the developer to use for the building infrastructure. After several months, we realized that the private money the developer promised the taxpayers just wasn't there. The developer presented the City an amendment to the amended agreement right before the election in 2007, and that was when we made the decision to terminate the contract.

As you can see, the developer is once again trying to make our downtown a political issue. After he was fired, he beat his chest stating he needed \$20 million dollars for lost profits. Then he hinted he invested \$4.5 million and now he offered to settle the litigation for \$1.75 million. As he did with the original amendment to the contract (prior to the election of 2005), and his attempt at another amendment to the contract prior to the election of 2007, the developer uses our downtown as a political hotpoint. We can assure you, just as we didn't sign the amendment in 2007, we are not rushing into judgment before the election this year. Rather, we are forced into this position by the 30 day court imposed timeframe.

The offer presented to us by the developer includes money we know we owe them per the original contract; therefore we feel it is in the best interest of the taxpayer to settle this case with the developer for \$1.75 million. This money will undoubtedly come back to us once we begin the development of our downtown. Based on the demands of the developer back in April 2008 totaling \$4.5 million, the above settlement is a bargain. He made a realistic offer, therefore we accepted the agreement. Ceruzzi worked with the City for 7 years, all for \$1.75 million.

We have been elected by the people to make tough decisions, and that is what we did.

Now, with the shadow of the past administration finally lifted, we need to look to the future. We have a collaborative of developers interested in moving Derby forward, and we believe this is the proper way to approach downtown redevelopment, as the project is too big for one developer. We plan to learn from these past mistakes and are poised to make Derby's downtown the center of business we all desire. This is what we deserve.

We cannot make further comment on this issue until the court recognizes the acceptance of this offer.

Adjournment

A MOTION to adjourn by Mr. Bomba, second by Mr. Sill, all in favor, **motion carried.** Meeting adjourned at 8:15 p.m.

Respectfully Submitted,

Denise Cesaroni
Recording Secretary

******These minutes are subject to the approval of the Board of Aldermen at their next regularly scheduled meeting.**