

**City of Middletown, CT**

**Economic Development Committee**

**Minutes from the Economic Development Committee Meeting of May 12, 2008**

<b><u>Present</u></b>	<b><u>Also Present</u></b>
<b>G. Daley, Chair</b>	<b>Mayor Sebastian N. Giuliano</b>
<b>R. Santangelo</b>	<b>E. Roberts</b>
<b>H. Kasper</b>	<b>W. Warner</b>
<b>J. Bibisi</b>	<b>R. Kearney</b>
<b>D. Bauer</b>	
<b>Public:</b> T. Davis, J. Kovner, T. Briggs, A. Bolduc, J. Pugliese, M. McCulley, J. Hall, E. Blum, R. Kaleb	

**A Call to Order:** Daley called the meeting to order at 6:13 PM

**B Public Session:** Roberts asked for an update on the Harbor Park Restaurant lease. Bibisi stated the issue is in mediation between the two attorneys and available for review next month.

Hall discussed the landfill gas project with Enduring Energy. Depending on the test findings, the gas may be managed by either the city or Enduring Energy. The gas would be worth more if used at the Remington Rand building. Discussion of whether there would be enough time at the 5/21/08 meeting of the Common Council to discuss this new issue.

**C Minutes:** no discussion

**D Communications:** none

**E Old Business**

**1) DCF Properties: 131 & 155 Wadsworth Street:** no discussion

**2) Sale of Remington Rand**

**(1) TWB Properties, LLC:** Daley summarized the previous motion to authorize the Mayor to enter into negotiations for the sale of the Remington Rand building and resolution to the Common Council. Daley noted on the day of the Common Council meeting new information of a former tenant and Better Business Bureau (BBB) complaints came to light. The resolution was withdrawn pending further

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investigation and response from Briggs. Briggs stated the complaints were new to TWB and once he was aware he dug deeper on the grounds of the complaint of the former tenant. TWB purchased the Essex property on 12/31/07 with the intact heating system in the depth of the winter season. The tenant was far out in the property away from the heating source. TWB sought to move the tenant closer to the core for better heat but the artist tenant did not want to relocate since he needed northern light for his work. The weather turned cold and TWB insulated the space. The tenant of 4 months had not experienced the building in the cold. TWB demised the space reducing the space from 3,000 square feet to the leased amount 900 square feet. TWB installed individual thermostats. The tenant left breaking the lease and TWB is proceeding with collections efforts. TWB was not aware of the BBB 4 complaints as they were on line. TWB handles thousands of transactions. Briggs read and distributed letters of support from: The First Selectmen of the Town of Essex; Town of West Hartford; Community Development Director of the Town of Glastonbury; Chairman of the New Hartford Economic Development Commission; Aspen Capital Group; DiMatteo Insurance Co; TD Banknorth; New Alliance Bank and People's United Bank. Bauer questioned the BBB complaints. Bauer questioned the BBB complaints. Briggs stated there was 1 complaint this year. TWB used to manage 700 apartments. Bauer stated he crossed this issue off his list. Bauer questioned the abstract of the John's Street Community complaint and expressed concern on the relevance to Middletown's North End neighborhood. Briggs stated in 1998 he owned the property which was mostly Section 8 housing. The property had a low occupancy rate of 60 due to drug use. He hired a 24 hour security doorman, renovated the exterior and increase occupancy to 95-6%. He was able to keep activity low but there were some problem tenants. It is hard to evict disabled handicapped tenants who are drug users and he worked regularly with the police department. The property was challenging and to say there were no complaints would be misleading. He created a better place and sold it. Bauer asked about the Ansonia letter. Briggs stated he had not seen the alderman's complaint until today. Bauer questioned if the abstract was accurate. Since the last EDC meeting he has read the DEP letter of disapproval for the Unisys action plan on 3/19/08 a concern he raised previously. The biggest challenge is remediating the site and Unisys is not on your (TWB) team. Briggs stated he has dealt with companies with deep pockets. His attorneys will work to ensure the cleanup under the DEP order. Bauer questioned why Briggs would purchase the property under the uncertainty of the cleanup being completed. Warner stated Riscassi (DEP) is working to get Unisys to comply with the consent order and Unisys agreed 2 weeks ago to accept more responsibility for site cleanup. Warner noted the document is accurate and this buyer accepts responsibility of any post Unisys cleanup. Daley stated in 45 days Unisys will provide more information. Bauer stated this is the most important element in this transaction. Warner stated it is not. Bibisi asked what the city has in writing to back up the responsibility issues.

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Kasper asked whether the BBB rating would change after Briggs responds. Briggs stated his response to the BBB would be open to the complaining part to respond noting there were a couple of old issues that were groundless. Santangelo questioned why Briggs had withdrawn from a commercial deal. Briggs stated he had contracted on the former Ames HQ to buy the property 4 years ago which was in bankruptcy. The 250,000 sf building was planned as a shopping center. No one was able to redevelop the site. Close to the end of the project, he withdrew due to the inadaptable nature of the square building which housed 800 office cubicles. Walking away from a \$200,000 deposit was a smart decision. The current buyer has just slapped a higher price tag on the property and is not redeveloping it just sitting on the site. Warner addressed the issue of how to ensure taxes were generated based on the proposed improvements. Warner presented a tax fixing agreement proposal which would give the city taxes based on improvements whether they were made or not. Bauer questioned whether other RFP respondents were contacted about taxing of improvements. Warner stated no since the other respondents did not propose improvements to the building. Bauer questioned what broker's fees were due to Midfield. Warner stated he met with Ford on other matters last week and Ford stated Midfield has no interest in a commission. The city is obligated to pay fees to McCaulley and Brigg's broker. Daley asked the committee what other information it needed or what issues are not answered.

Kasper made a motion seconded by Bibisi to reaffirm the decision along with the letters of support provided and the answers to the questions raised about TWB's practices. The committee voted to approve the motion with Bauer voting nay.

Bauer stated the city was incredibly successful on negotiating the grand list issue but considers the environmental issue more important and needing more clarity. Daley stated DEP and Unisys agreement will resolve the cleanup and the state will not fail. Kasper questioned whether the city has a letter from the state so the environmental cleanup will not become an issue to impede the sale. Bauer stated uncertainty noting the 7 year time period of resolving the environmental cleanup. Warner stated the sale will allow for the operation and improvements to the building and down the road the cleanup. DEP and Unisys have done thorough studies of the site and have a comfort level of what's out there. Unisys may argue the creosote along the rail line is the responsibility of P&W RR.

Blum stated his dire need to expand his business and he is incensed as a tenant and local business. \$5 million plus a 10% profit does not make sense and something else is behind this offer. The building will not continue to be an incubator which is to the city's detriment, this does not make sense. A sale to him would be a seamless transition. He will seek to sell the Main Street store-a church is interested in buying it. Main Street will not get the benefits of the expansion of

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his business. People will have to move out of the building when it is converted to class B/C office space. The city has and needs an industrial manufacturing base. Blum could assemble support from realtors and get thousands of signatures for support. Submitted letter from his cousin, Ralph Stevens, Film Chest, Inc. Blum would not charge the city with broker's fees.

**F New Business**

- 1) **Harbor Park Restaurant lease:** see Public Session
- 2) **Proposed Plan of Conservation and Development**

**G Status Reports**

- 1) **Economic Development Fund, monthly report**
- 2) **Economic Development Specialist Report**
- 3) **REINVEST Loan Program, monthly summary report**
- 4) **JOBS Loan Program, monthly summary report**

**H Other:** Warner stated the Army will present site on 6/10/08 and on 6/11-12 will meet at the hotel with the RFP general contractors. None of this information has been made available to the public.

**I Adjournment:** Santangelo made a motion seconded by Bibisi to adjourn. The committee adjourned at 7:13 PM