



**CITY OF BRISTOL  
BOARD OF FINANCE AGENDA REQUEST FORM**

To: Board of Finance Commissioners

From: Economic and Community Development  
(Requesting Department)

Date: July 17, 2020  
(Submission Date)

For the July 28, 2020 Board of Finance Meeting Agenda

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This request is for:  
(Please check the type of request and list in whole dollar amounts)

- Additional Appropriation \$ \_\_\_\_\_
- Transfer from Contingency \$ \_\_\_\_\_
- Transfer(s) \$100,000
- Grant \$ \_\_\_\_\_
- Carry-over(s) \$ \_\_\_\_\_
- Other

**Approval:**

This request is expected to be approved by the Economic and Community Development Board at its meeting to be held on August 6, 2020.

  
(Department Head's signature)

Board of Finance Agenda Request Form

**All requests to appear on the Board of Finance meeting agenda for consideration must be submitted to Jodi McGrane in the Comptroller's Office by 10:00 a.m. Monday of the preceding week of the meeting. Board of Finance Meetings are held on the fourth Tuesday of each month at 5:30 p.m. in the Council Chambers.**

Reason for request:

Please see memo dated July 17, 2020 attached

Additional Appropriation(s) and/or Appropriation(s) complete the following:

<b>Account</b>	<b>Account Name</b>	<b>Amount</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Transfer(s) complete the following:

<b>From:</b> 3058106-589000 Capital Non-Recurring Fund	<b>To:</b> 3054101-531000-21C01 Professional Fees - JH Sessions Project	<b>Amount:</b> \$100,000
<b>From:</b> _____	<b>To:</b> _____	<b>Amount:</b> _____
<b>From:</b> _____	<b>To:</b> _____	<b>Amount:</b> _____

Grants:

Total Amount: Grant \$ \_\_\_\_\_  
City Share \$ \_\_\_\_\_ %  
Federal/State Share \$ \_\_\_\_\_ %

Carry-overs list the following:

<b>Account</b>	<b>Account Name</b>	<b>Amount</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____



Economic and Community Development  
111 North Main St.  
Bristol, CT 06010

## MEMORANDUM

TO: Board of Finance, c/o Comptrollers Dept.

FROM: Justin Malley, Economic and Community Development

SUBJECT: J.H. Sessions Building Project – New Colony Land Bank Corp.

DATE: July 17, 2020

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The purpose of this Board of Finance request is threefold\*

1. To request a bid waiver for engagement of New Colony Development Corp (NCDC) as a land bank trust. NCDC is one of only two brownfield land banks in Connecticut available to work on Bristol projects. Unfortunately, the City's land bank relationship with Connecticut Brownfields Land Bank (CBLB) has ended due to the retirement of CBLB's director and uncertainty regarding CBLB's future. As such, it is important to begin a new relationship with New Colony Land Bank Corp. to continue the City's important work on the J.H. Sessions project.
2. To request \$100,000 to enter into an agreement (draft proposal attached) with NCDC for services associated with redeveloping the J.H. Sessions building (273 Riverside Ave.) and the City owned parcel at 296 Riverside Ave.
3. Based on unique characteristics of the service to be provided, to request a waiver of the standard of indemnification provisions regarding the New Colony Land Bank Corp. proposal

\*Please note that I will be out of office beginning July 17, 2020 and returning July 27, 2020. Due to timing constraints beyond the City's control – including the anticipated announcement of key grant applications in late July/August – it has been decided to submit agenda materials at this time in order to make the July 28 Board of Finance meeting. Any updates regarding the attached proposal and other elements of the project will be provided at or prior to the July 28 Board of Finance meeting.

### Project Background

In these last 15 years, the City, with U.S. EPA and State of Connecticut support, has undertaken several environmental site assessments at the former J.H. Sessions & Sons Factory. Riverside Avenue is an

important gateway into Downtown Bristol, as well as a highly traveled segment of State Route 72. The Sessions Building, circa 1907, was the site of a trunk hardware manufacturing business in which various heavy metal compounds were used in the painting and plating operations. The building is eligible for State and Federal Historic Register listing.

Since the Sessions Company ceased operations in 1984, other industrial users (the largest were Armaloy and Plymouth Spring) have leased space in the building. More than 30 different tenant businesses have occupied space in the building since 1965. The building is still owned and operated by members of the Sessions family.

The most recent Phase III Assessment (Leggette, Brashears & Graham, 2017) concluded that remediation would include a combination of removal and encapsulation, with costs ranging up to \$1.4 million to comply with residential standards.

The City's interests in the Sessions property concern the public health and safety, as well as the recommendations of the Route 72 Corridor Study to "promote the adaptive re-use/redevelopment of vacant and/or underutilized properties, particularly Brownfield sites, especially along...Riverside Ave." Additionally, the property has been in significant tax arrearage for years. It is time to see this and other vacant, rundown properties put to a higher and better use, back on the tax rolls, and benefiting the residents of the Riverside Corridor and the entire City.

### **Proposed Development Process**

The City has not received property taxes for 273 Riverside Avenue for many years, with current tax arrearage close to \$1 million. The City holds authority to pursue tax foreclosure of tax-delinquent properties to recoup back taxes and to encourage new, responsible ownership. However, the legal liability associated with this site as well as the costly environmental cleanup – coupled with the building's large size, financial obligations, and other complications – make a traditional tax foreclosure undesirable.

As a result, the City is working on an alternative path to development with the following steps: (1) Complete necessary environmental assessment to determine the cost of cleanup; (2) Solicit proposals from developers to identify a responsible new owner with a vision that aligns with the City's goals for the property and area; (3) Coordinate a "tri-party" agreement involving the City, the Connecticut Brownfield Land Bank, Inc., and a new owner/developer which allows the Land Bank to take title and shoulder the environmental liabilities that the City and new owner cannot assume; (4) Pursue State and Federal grant funding to remediate environmental contamination while establishing environmental liability protections for the new owner/developer; and (5) Transfer a property free of environmental liability and appropriate for residential use to a new owner/developer to begin construction.

### **New Colony Development Corp. (Land Bank)**

Rather than enter the chain of custody for the property, the City prefers to have the property transferred from the current ownership to a new ownership, which would coordinate appropriate and beneficial reuse of the property. To achieve this outcome, the City is proposing to partner with the NCDC, which will take possession of the property (through the assignment of tax liens) as legal and environmental issues are resolved. The Land Bank is a not-for-profit independent entity that would oversee project development work including but not limited to tenant relocation and other issues; remediation and

associated project details; transfer of property ownership, and subsequent brownfield issues related to redevelopment and occupancy/reuse.

### **Vesta/BHA Joint Venture**

The Vesta/BHA Joint Venture proposal will transform the J.H. Sessions site from an underutilized and contaminated property into a vibrant apartment community offering modern living while paying homage to the site's rich history. The development will include 91 apartment units in total, divided between two separate buildings. The existing J.H. Sessions structure will be converted to 40 one-bedroom and 19 two-bedroom apartments. A new 45,000 square-foot structure will be added immediately east of the existing structure and will feature 6 one-bedroom and 26 two-bedroom units. The most historically significant elements of the existing J.H. Sessions structure will remain, including the impressive "U-shaped" main building. There will be demolition of certain areas of the structure shown to pose the most significant environmental challenges. In addition to streamlining environmental cleanup, this demolition will also serve to free up areas for vehicle parking and additional outdoor gathering space. The look and feel of the new building will be carefully constructed to reflect the historic nature of the site.

Studies demonstrate that many of today's apartment renters desire unique, smaller living spaces with an abundance of communal gathering opportunities on-site. The Vesta/BHA Joint Venture proposal certainly fits this model. The apartments and living areas will be unique, with exposed brick, high wood plank ceilings, wide wood flooring, large and ornate windows, and more. These details will be found in the original 1907 structure and also will be duplicated in the new building envisioned for the site. Also included in the proposal is an abundance of community gathering space – including a library/computer room, a community room with kitchen facilities, and an expansive fitness facility. Outside, tenants will enjoy additional gathering spaces featuring barbeque grilling, fire pits, electric vehicle charging stations, and more. In addition to covering the 3.5 acre J.H. Sessions site, the project will include the 0.5 acre property at 296 Riverside Ave across the street. The majority of this area will be used for parking to support the apartment community but will include green space to complement the adjacent Pequabuck River and Veterans Memorial Boulevard Park. The rent rates for all apartments will reflect market conditions and will not be subsidized. The project's price point and amenities will appeal to all ages – from young professionals to empty nesters.

The ownership and development team is highly accomplished, with many successful projects within their portfolios. Vesta Corporation is a distinguished owner, manager, and developer of apartment housing, having closed on over \$1 billion of financing for the development of more than 20,000 housing units in 13 states and the District of Columbia. While it operates across the country, Vesta's main office is in Connecticut, with over 1,500 Connecticut apartment units in its portfolio. BHA (Bristol Housing Authority) has a proven track record of successfully developing and managing housing in the area. This project will differ from other BHA projects, as it will be 100% market driven and will not be subsidized for lower-income earners. The project's construction partner – D'Amato Construction – is one of the most respected companies in Connecticut.

July 13, 2020

Justin Malley  
Executive Director  
Economic and Community Development  
111 North Main St.  
Bristol, CT 06010

Dear Mr. Malley,

The New Colony Development Corporation (“NCDC”) is pleased to provide you with this letter of agreement (“Agreement”) to assist the City of Bristol, Connecticut (the “City”) with the redevelopment of the J.H. Sessions Building, currently owned by J. H. Sessions and Sons a/k/a J. H. Sessions & Sons (“Sessions”), and more particularly described on Schedule A attached hereto (the “Property”). Specifically, NCDC as a Brownfield Land Bank will be a catalyst to assist the Vesta Corporation to achieve its project goals in accordance with its redevelopment proposal for the Property with the City.

#### I. SCOPE OF SERVICES

The Scope of Services will include several content areas in phases that will involve professionals that work in partnership with the NCDC. Some of this work would be coordinated, in NCDC’s discretion, with the professionals at the Vesta Corporation.

**Pre-Acquisition Phase:** NCDC and the City will cooperate in coordinating the sale by the City to NCDC for One Dollar (\$1.00) of all tax liens on the Property (including, if applicable, all future tax liens which may be filed prior to the foreclosure of the Property; collectively, these are identified herein as “Tax Liens”) for \$1.00, so that NCDC or its assignee can foreclose said Tax Liens and obtain clear and marketable title for the Property. NCDC’s services during this phase shall include drafting of the tax lien sale resolution, title search strategy, consideration of environmental issues, and other related development issues with the City, as well as the Licensed Environmental Professional and attorneys for Vesta Corporation.

**Disposition/Tax Lien Phase:** NCDC will complete the tax lien sale/assignment with the City and, if applicable, its assignee.

**Foreclosure:** In the event: (i) Vesta Corporation executes a binding agreement to acquire title of the Property from NCDC or its assignee either prior or subsequent to the foreclosure of the Property, and (ii) the City and the Sessions Family cooperate to the extent required by NCDC in the foreclosure of the Property, NCDC will institute a foreclosure action of the Tax Liens to attempt to obtain clear and marketable title to the Property. In no event shall NCDC be required to foreclose the Tax Liens or obtain title to the Property if, in its sole discretion, it does not elect to do so. The City and NCDC shall attempt to work cooperatively with the current tenants of the Property to either maintain such tenants or to relocate them within the City. This scope of services does not include costs relating to the eviction of any tenants. If any defendant in the Tax Lien foreclosure action redeems on its law day, or if the Property is purchased at a foreclosure sale by any third party, NCDC will collect taxes actually paid to NCDC and provide the funds received to the City, minus 10% as a fee to NCDC for such collection. If no third party obtains title to the Property, NCDC shall have the right to either acquire fee title to the Property to then be conveyed by NCDC to the Vesta Corporation, or, prior to judgment of foreclosure being ordered, sell or assign the Tax Liens being foreclosed to the Vesta Corporation.

**Grant Preparation:** NCDC will prepare grants, if available, relating to the development of the Property, from state and federal resources, including but not limited the CT Department of Economic and Community Development and the U.S. Environmental Protection Agency. The grants will be used for the purpose of environmental remediation and the stabilization of related structural elements of the building located on the Property.

**Grant Administration:** NCDC will fulfill all applicable demonstrative requirements including but not limited to prevailing wages, procurement, financial reporting, equal opportunity, etc.

## II. COMPENSATION AND BILLING

NCDC will provide the aforementioned Scope of Services through the acquisition of the Property by the Vesta Corporation on a *not to exceed, per diem* basis, with the administrative and legal costs of NCDC to be paid by the City on a monthly basis as set forth below. The Project Manager will be Dale Kroop. Mr. Kroop's current hourly billable rate is \$125 per hour and includes all overhead, travel, etc., costs. Other administrative help will be utilized as needed at hourly rate of \$50 per hour. Legal services to NCDC will be provided by its counsel,

Cohen and Wolf, P.C., and will be charged on an hourly, *per diem* basis (legal costs noted below are estimates only based upon anticipated legal services to be provided).

As needed or required:

**Administrative and Legal Costs**

Pre-Acquisition Phase:

Project Management \$10,000

Legal: \$4,000

Disposition/Tax Lien Sale/Assignment Phase

Project Management \$5,000

Legal: \$3,000

Foreclosure

Project Management \$5,000

Legal: \$20,000

Grant Preparation (2 Applications)

Project Management \$10,000

Grant Administration

Project Management \$25,000

Legal: \$3,000

Total Billing

Administration \$55,000

Legal: \$30,000

Sub Total: \$85,000

Other Carrying Costs: Other professionals and overhead costs will become part of the scope/project for NCDC for important issues. Examples include:

Insurance\* \$ 10,000 (does not include pollution liability)

Accounting \$ 2,000

Audit \$ 3,000

Subtotal \$15,000

Total Costs: \$100,000

\*Notes:

1. Proposed insurance cost does not include the cost of general liability or pollution liability insurance in the event that the NCDC takes title to the Property. That cost will be negotiated between the parties.
2. NCDC will, to the greatest extent possible, attempt to pay for a portion of its services through grant sources.

III. BILLINGS AND PAYMENT

Invoices for services will be submitted by NCDC to the City on a monthly basis, or upon completion of services, as the NCDC elects. All invoices will be paid within forty-five (45) days after invoice date. If the City fails to pay any invoice in full within forty-five (45) days after invoice date, it shall be liable for all costs and expenses of collection incurred by NCDC, including reasonable attorney's fees.

IV. INDEMNIFICATION:

City hereby agrees to indemnify NCDC and its members, managers, shareholders, directors, officers, employees and agents, and to hold each of them harmless from and against any claims, demands, causes of action, losses, damages or other liability, including reasonable attorney's fees and court costs (collectively "Claims"), arising out of or in connection with: (a) any liability associated with the Property, including without limitation any liability relating to the environmental condition of the Property or any structures located thereon, (b) any Claims made or asserted against NCDC relating to the matters set forth herein by any third parties, including without limitation Sessions, Vesta Corporation, or any tenants at the Property, or (c) the City's negligence or willful misconduct, or breach of or default under this Agreement.

V. TERMINATION/CONTRACT PERIOD

Until such time as NCDC acquires the Tax Liens, the City may terminate this Agreement with not less than sixty (60) business days prior written notice to NCDC, provided that the City shall pay NCDC for all services performed up to and including the final day of service. After

NCDC acquires the Tax Liens, the City shall not have the right to terminate this Agreement. NCDC may terminate this Agreement at any time with not less than sixty (60) business days prior written notice to the City.

Unless sooner terminated, the contract period for these services will be two years from the date the contract is signed or following a closeout audit by any funding source, whichever is sooner. The contract may be extended upon the mutual agreement of both parties.

## VI. DISPUTE RESOLUTION

### A. Dispute Resolution:

1. Mediation - In an effort to resolve any conflicts that arise during the term of this Agreement or following the completion of the agreement, the City and NCDC agree that all that all disputes between them arising out of or relating to this Agreement shall be submitted to non-binding mediation unless the parties mutually agree otherwise.

2. Arbitration - In the event either party is unable to reach a settlement of any dispute arising out of the services under this Agreement, in accordance with the dispute resolution, then such disputes shall be settled by binding arbitration by an arbitrator to be mutually agreed upon by the parties, and shall proceed in accordance with the rules of the American Arbitration Association.

## VII. MISCELLANEOUS PROVISIONS

- A. This Agreement will be governed by the laws of the State of Connecticut. This Agreement may be executed in multiple counterparts, and is binding upon and inures to the benefit of the parties hereto and their respective successors and assigns. The captions and marginal notes are used only as a matter of convenience and are not to be considered a part of this Agreement or to be used in determining the intent of the parties to it.
- B. This Agreement embodies the entire contract between the parties hereto with respect to the Property and the subject matter hereof and supersedes any and all prior negotiations, agreements and understandings, written or oral, formal or informal, all of which are deemed to be merged herein. No representations, statements, warranties, covenants, undertakings, or promises of NCDC or any representative or agent of NCDC, whether oral, implied, or otherwise and whether made before or after the date hereof, shall be considered a part hereof or binding upon NCDC unless set forth herein or agreed to by the parties in writing, nor shall any provision of this Agreement be supplemented, terminated, modified,

or waived except by a writing signed by both parties. No modification or amendment to this Agreement of any kind whatsoever shall be made or claimed by either party hereto, and no notice of any extension, change, modification, or amendment made or claimed by either party hereto, shall have any force or effect whatsoever unless the same shall have been reduced to writing and fully signed by both parties hereto.

If the above scope, terms and conditions are satisfactory to you, please indicate your approval by signing this Agreement, and returning a fully executed copy to me. If you have any questions please do not hesitate to call me.

Very truly yours,

NEW COLONY DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Steven Rolnick  
President

On behalf of the City of Bristol, Accepted this \_\_\_ day of July, 2020.

By: \_\_\_\_\_  
It's \_\_\_\_\_  
Duly Authorized



