

I. Call to Order

The Special Meeting of the Business Development Committee was called to order at 8:30 a.m. in the Main Meeting Room of the Simsbury Town Offices. Present were: First Selectman Lisa Heavner, Committee members – Peter Pabich (member at large), Derek Peterson (Zoning Commission representative), and Linda Schofield (Board of Finance representative). Others in attendance included: Thomas Cooke, Director of Administrative Services, Joseph Mancini, Finance Director, David Gardner, Assessor, Michael Glidden, Assistant Town Planner, and Attorney Robert DeCrescenzo. Present for Chestnut Hill Associates of Simsbury were John McCarthy and Arnold Sholovitz. Others present included Rich Correia, and Sarah Nielsen for Simsbury Main Street Partnership.

II. Pledge of Allegiance

Everyone stood for the Pledge of Allegiance.

III. Public Audience

No members of the public spoke at Public Audience.

IV. Action Item

a. Discuss and possibly make a recommendation to the Board of Selectmen regarding:

- **Application of Chestnut Hill Associates of Simsbury, LLC for requested tax abatement under the adopted Simsbury Tax Abatement Program**

Ms. Heavner noted that Committee member Louis George (Economic Development Committee representative) had recused himself the prior day. Discussion ensued concerning the advisability of continuing the application process to include a representative of the Economic Development Committee.

Attorney Sholovitz provide a brief background on his research of the property identifying it as potentially is the most historic property in Simsbury. He also reviewed various development options considered by the current owners, noting that they had determined that developing the property as residential real estate was the best option. He stated there had been several unsolicited offers for a retail establishment that may or may not preserve the building which were rejected by the owners. He identified the stability of real estate taxes as a primary concern of potential developers.

John McCarthy, Chestnut Hill Associates of Simsbury, LLC member stated his interest in the property and that he needs to make the project economically viable. He provided background information concerning his involvement in the project and the evaluation of different development options.

Attorney Sholovitz noted that that the Town has a preservation easement on the front lawn and Drake Hill side of the property.

Mr. McCarthy stated they have received input from a variety of construction companies to validate their numbers and although they are not developers they have a good understanding of costs construction restoration and recovery. He stated a lot of the expenses related to the mansion are not recoverable.

Discussion ensued concerning the difference between recoverable versus non-recoverable expenses. Mr. McCarthy explained the process of costs associated with new construction to costs associated with restorations. With restorations expenses that are would not be part of new construction such as asbestos removal are non-recoverable as it would not be put into a new building.

Ms. Heavner stated that the owners had notified the Town that they were not interested in pursuing the option of building a Senior Community Center on the property.

Mr. Peterson asked if the owners had pursued state and federal grants and discussion ensued regarding the owner’s efforts to secure grants for preservation of the mansion. The Committee also discussed the differences between residential options such as condominiums and apartments, office space and the market value of these options. The discussion included resident feedback on apartments in the recent Town survey and Mr. Correia noted the value of apartments located near the downtown. Ms. Nielsen from Main Street Partnerships commented the Charrette proved downtown housing opportunities are needed and wanted.

Discussion ensued concerning the Town’s prior and current tax abatement policies. Ms. Heavner noted that these policies do not have the force of law and that the state statute applies. She reviewed a spreadsheet of prior abatements and noted that \$150,000 total has been the largest abatement given. The Committee was advised that the current property tax on the site is approximately \$36,000.

Ms. Schofield requested clarification on several items in the various documents regarding requests that all fees be waived, that no taxes be paid for two years and that taxes be held at current levels for the following seven years. Discussion ensued regarding whether the request was for seven years of abatement or nine years with the conclusion that the statute limits the abatement to a maximum of seven years. Mr. McCarthy stated that the owners are flexible on the number of years and it is relevant to what the taxes would be and how it would be assessed.

Mr. DeCrescenzo explained the statute allows you to fix the assessment at \$0. He stated if the Board of Selectmen approves an abatement a contract is normally drawn up between the property owner and the town with certain performance milestones and conditions including bankruptcy contingencies, whether or not the property can be sold and other conditions.

Ms. Schofield asked for information about the owner’s financial backing and investors. Mr. McCarthy stated they have had productive conversations with potential lenders and investors. Mr. DeCrescenzo stated that a triggering event for the tax abatement would be to show funding. He added that preservation of the historic property was a primary Town interest and discussed

potential state and federal funding. He added that currently the taxes are based on the October 1, 2014 grand list and there is no ability to abate those taxes other than to sell them their own tax lien for which strongly recommended against. The first opportunity to abate is the tax bill due on July 1, 2016. Discussion continued regarding various ways the abatement could be triggered such as building permit, CO, and when the abatement might start.

The Committee discussed the potential precedent set by an abatement and Mr. DeCrescenzo stated that if the abatement request was for historic preservation purposes this would be a distinguishing factor. Ms. Schofield questioned if the building was designated as historic and was informed that was not. Discussion ensued concerning the advantages and disadvantages of such a designation and the status of historic preservation grant requests. Discussion ensued regarding a purchase of the property by a retail business and the impact on protection of the historic nature of the property.

Discussion ensued concerning the financial aspects of the proposed plan of development, as well as the role of current and future investors.

The Committee agreed to continue the discussion at the next meeting with a representative of the Economic Development Committee present. The member will be provided with a recording of this meeting to prepare for the next meeting. Mr. Cooke stated that he would contact the chair of the Economic Development Commission to request a representative and that he would email proposed dates for the next meeting to the Committee.

V. Adjourn

Mr. Peterson moved to adjourn the meeting at 10:21 a.m. and Ms. Schofield seconded the motion. All were in favor and the motion passed.

Respectfully submitted,

JoAnn Martin
Executive Secretary