

I. Call to Order

The Special Meeting of the Business Development Committee was called to order at 8:33 a.m. in the Main Meeting Room of the Simsbury Town Offices, 933 Hopmeadow Street, Simsbury, CT. Present were: First Selectman Lisa Heavner and Committee members – Mark Deming (Economic Development Commission representative), 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, Attorney Robert DeCrescenzo and other interested parties.

II. Pledge of Allegiance

Everyone stood for the Pledge of Allegiance

III. Public Audience

No members of the public spoke at Public Audience

IV. Review of Minutes

a. Special Meeting – October 14, 2015

Minutes for the October 14, 2015 Special Meeting will stand as submitted.

V. 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.

An updated submission was reviewed by members of the committee and Attorney Arnold Sholovitz discussed the changes. He noted that they did receive comments and collectively worked with their certified appraisers on how the money would flow within the seven years of a tax abatement.

Mr. McCarthy noted that the two year construction period, which was a concern to members at the last meeting, will be dealt with in the normal course of business and not apply to the tax abatement period. He discussed the discount rate and the different value to both parties with the discount of money.

Mr. McCarthy stated that they are trying to fill a gap and hope to get some financial help from State and Federal tax credits. He also requested support from the Town for approval to abridge some of this gap at the request level that has been made.

Mr. McCarthy discussed the future taxes after abatement and how it will compare to Mill Commons also located in Simsbury. He noted that they would like to price the rent on what they think the market can handle. Mr. McCarthy noted that it will be an average of \$2,500 to \$2,700.

Ms. Schofield asked for clarification on what portion of the estimated taxes would relate to the apartments in the historic building and what portion on the new ones to be built. Mr. McCarthy stated that seven of the thirty eight apartments will be in the mansion and hopes these will be the price leaders. Mr. McCarthy and Mr. Gardner discussed the future value of these apartments.

Ms. Schofield stated that she would like to know what the dollar amount is going to be or place a cap on the percentage of the tax abatement. Attorney DeCrescenzo discussed the options of picking a number and spreading it out over the seven years or it can be phased in so that it is less in the first two years and increment amounts over the next five.

Ms. Sarah Nielsen noted that they cannot guarantee any grants to this project, as they are very specific. She did note, however, that they can make the effort and do the research to match up with any grants that are possible.

Ms. Heavner asked what the profitability would be for the projected rental rate presented. Mr. McCarthy discussed the layout of the one and two bedrooms and how it would impact the rent. He also noted the unknowns involved with the renovation of the mansion and other risks.

Mr. Deming asked if the lenders are demanding a specific number in the tax abatement. Mr. McCarthy stated they are looking for personal guarantees. He explained that investors want to see something for their risk. Mr. McCarthy noted that they are trying to get a return of 10% to 12% range. He noted that the current rate of return without the abatement is 7.5%.

Ms. Heavner asked Mr. McCarthy what he believes the rate of return would be after the seven year abatement period ends. Mr. McCarthy discussed the items that would affect the rate of return for the future and hopes it would be greater than the investment.

Mr. Pabich questioned the business development guideline and that the intent is to draw and retain businesses to the area. He stated that this project is being applied for under the same guideline and does not appear to fit what the guideline was set to do. Ms. Nielsen noted that, with apartments located downtown, there are a higher percentage of jobs created within a mile radius.

Attorney DeCrescenzo discussed that the Business Development Committee members and the Board of Selectmen are legally bound by Statute.

Ms. Schofield voiced her concern regarding other apartment requests and that this committee cannot set a precedent for giving tax abatements for new apartment construction. She noted that the business incentive guidelines referred to historic preservation and recommended that the Commission focus on the historic aspect of the project.

Mr. Deming noted that this meeting is being held mainly for the historic building and not the apartments behind it that are going to be built. He also noted that, because the Town is very interested in keeping the historic building, the abatement has to be confined to the unrecoverable costs to bring the historic building up to the seven units. Mr. Deming also would like to take into consideration what tax credits would be given by the state and federal government.

Attorney Sholovitz and Mr. McCarthy discussed some of the issues with the historical building that add to the unrecoverable and recoverable costs.

Ms. Heavner noted that this committee will provide a recommendation to the Board of Selectmen for a tax abatement. She noted that the Board of Selectmen can follow or disregard the recommendation and the policy on this decision.

Ms. Heavner listed some guidelines the committee members should keep in mind when making their recommendation for the tax abatement amount. Ms. Heavner has also asked the Town attorney to draft an abatement contract with conditions. She noted that it should include restrictions, a preservation easement and extent of a grant abatement.

Mr. Peterson stated that any abatement applied before C of O should have some clawback provision if they do not get it. Ms. Heavner listed other things to consider in making this decision.

Committee members discussed their opinions on an amount for the tax abatement. All members agreed on a maximum of \$300,000 for the tax abatement. Members noted conditions to be included in the tax abatement which includes the financial viability and reputation of the developer.

Ms. Schofield made a motion that the Business Development Committee recommend a tax abatement for Chestnut Hill Associates of Simsbury, LLC in an amount not to exceed \$300,000 over a period of seven years for the stated public purpose of obtaining a preservation easement for the Eno Mansion with all other restrictions and limitations necessary to protect the Town’s interests, as determined by

Town Counsel, to be included in the contract providing for the tax abatement. Mr. Peterson seconded the motion. All were in favor and the motion passed

V. Adjourn

Mr. Peterson moved to adjourn the meeting at 9:55 a.m. and Mr. Deming seconded the motion. All were in favor and the motion passed.

Respectfully submitted,

Leslie Brigham
Commission Clerk