

Robert J. Paetz

2018 NOV 15 A 10:39

TOWN COUNCIL MAJORITY OFFICE

TAX POLICY COMMITTEE

TOWN CLERK
EAST HARTFORD

NOVEMBER 14, 2018

PRESENT Shelby Brown, Chair and Councilor Pat Harmon

ABSENT Councillor Marc Weinberg

ALSO Marcia Leclerc, Mayor
PRESENT Mike Walsh, Finance Director
Rich Gentile, Assistant Corporation Counsel
Eileen Buckheit, Development Director
Ken Wilson, Bigson LLC (Freightliner)
Town Councillors:
Chair Rich Kehoe (arrived 5:25pm)
Vice Chair Linda Russo (arrived 5:40pm)
Minority Leader Esther Clarke
Councillor Joe Carlson

CALL TO ORDER

Chair Brown called the meeting to order at 5:19 p.m.

MOTION By Pat Harmon
seconded by Shelby Brown
to **amend** the agenda as follows:

delete items 2, 3, 4 and 5 as they were acted on
at the March 27, 2018 meeting.

Motion carried 2/0.

APPROVAL OF MINUTES

March 27, 2018

MOTION By Pat Harmon
seconded by Shelby Brown
to **approve** the minutes of the March 27, 2018 meeting.
Motion carried 2/0.

OPPORTUNITY FOR RESIDENTS TO SPEAK

None

NEW BUSINESS

Tax Abatement Proposal for Bigson LLC (aka Freightliner) 178-182 Roberts Street

Development Director Eileen Buckheit provided an overview of the proposal put forth by the Town, including an analysis of "Investing in East Hartford" prepared November 13, 2018 which shows the abatement graduated over 5 years. Assistant Corporation Counsel Rich Gentile presented the conditions and limits of the proposed abatement, which he described as similar to the abatement provided to Cabela, with the exception that it is protracted over fewer years. Mr. Kenneth Wilson presented Bigson LLC's request, describing in detail the type of work (and workers) the new facility will employ. He anticipates that they will hire an additional 36 employees, and he's working with the East Hartford CONNects workforce initiative to accomplish this. He said that his companies employ many East Hartford residents and are good taxpayers; they pay taxes on time and pay significant amounts. Councillors posed questions about the nature of work done in each of the facilities, the tax consequences and timeline, and the nature of jobs that would be added.

MOTION By Pat Harmon
 seconded by Shelby Brown
 that this committee recommends that the full Town Council authorize Mayor Marcia A. Leclerc to enter into a five (5) year Tax Assessment Agreement with Bigson LLC, wherein, subject to certain conditions, the Town will pledge to abate up to \$236,633 in real property taxes associated with a \$3,000,000 project at 178-182 Roberts Street, upon the terms set forth in the attached draft Tax Assessment Agreement.
 Motion carried 2/0.

ADJOURNMENT

MOTION By Pat Harmon
 seconded by Shelby Brown
 to **adjourn** (5:53 p.m.)
 Motion carried 2/0.

cc: Town Council
 Mayor Leclerc
 Mike Walsh, Finance Director
 Rich Gentile, Assistant Corporation Counsel
 Eileen Buckheit, Development Director

TAX ASSESSMENT AGREEMENT

This Tax Assessment Agreement (hereinafter "Agreement") dated as of this ____ day of _____, 2018, is made and entered into by and between the Town of East Hartford, a municipal corporation within the County of Hartford and State of Connecticut ("Town") and Bigson LLC, a Connecticut Limited Liability Company ("Developer").

WHEREAS, the Developer has proposed building a 29,346 square foot building, which building is located at 178-182 Roberts Street, East Hartford, Connecticut (the "Project"); and

WHEREAS, the proposed cost of the Project is in excess of \$3,000,000; and

WHEREAS, completion of the Project is expected to provide employment for over 36 additional employees; and

WHEREAS, the Developer represents that a Tax Assessment Agreement with the Town is an essential element of its decision to develop the Project at its current location; and

WHEREAS, the Town will benefit from the development of the Project, the prospect of new jobs for the area and increased personal property taxes; and

WHEREAS, the Town's goals are to preserve and create jobs, create a stable long-term tax base and encourage the growth of new and existing businesses; and

WHEREAS, Connecticut General Statutes, Section 12-65b, as amended, provides the legal authority for a municipality to enter into this tax assessment agreement; and

WHEREAS, the East Hartford Town Council has authorized the Mayor, Marcia A. Leclerc, to execute a tax assessment agreement in accordance with the terms of the Connecticut General Statutes.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto covenant and agree as follows:

- 1) Developer will build the Project on a portion of the premises known as 178-182 Roberts Street, East Hartford, Connecticut. Construction will be completed in 2019. Developer will maintain all its current and anticipated operations at 178-182 Roberts Street, East Hartford, Connecticut for a period of at least ten (10) years.
- 2) Developer will comply with all applicable building, zoning, health and other governmental regulations and laws (including, but not limited to, obtaining all necessary State and Municipal permits).
- 3) Developer shall spend in excess of \$3,000,000 on the development of the Project.
- 4) It is estimated that when completed, the business located at the Project shall provide full and/or part time employment for at least an additional 36 employees.
- 5) The terms of this Agreement shall not impact Developer's obligation to pay personal property taxes with respect to personal property now or in the future located at or purchased in connection with the Project.
- 6) Pursuant to the authority granted under Connecticut General Statutes Section 12-65b, the Town shall fix

the assessments on the Project as follows: One hundred (100%) percent of the increase in real property assessment attributable to the Project shall be abated one hundred percent (100%) for the first tax year, eighty percent (80%) for the second tax year, sixty percent (60%) for the third tax year, forty percent (40%) for the fourth tax year, and twenty percent (20%) percent for the fifth tax year. The increase in real property assessments shall be determined by computing the assessed value of the Project after completion, and then subtracting the Baseline Assessed Value (as hereinafter defined). The Baseline Assessed Value shall be the value of Developer's current operations at 178-182 Roberts Street, East Hartford, Connecticut, including the value of land and improvements, as assessed for real property tax purposes on the October 1, 2018 Grand List.

For the purposes of determining a tax year hereunder, the first tax year will be the assessment year commencing October 1, following the issuance of a certificate of occupancy, temporary certificate of occupancy, or certificate of completion for the Project (the "First Tax Year") and for tax years following the First Tax Year, the tax year commencing on October 1 immediately following the First Tax Year and the tax years commencing on each succeeding October 1 thereafter. Developer understands and agrees that it will be responsible for any taxes due on the Project between the date of issuance of a certificate of occupancy, temporary certificate of occupancy, or certificate of completion and the first day of the First Tax Year. Notwithstanding anything to the contrary, in no event shall the real property tax savings attributable to the fixing of the assessments hereunder exceed \$236,633. At such time, if any, that the real property tax savings hereunder reach \$236,633, the benefits under this Section 6 shall cease. This Agreement shall not apply to any additional construction beyond the scope of the Project.

- 7) This Agreement and Developer's rights, duties and obligations under this Agreement are not transferable or assignable other than in accordance with this Agreement. Developer shall provide written notice to Town. Town written consent is not required for the assignments as identified below. Developer may assign its rights and interest in this Agreement (i) to any parent, grandparent, subsidiary or affiliate of Developer; or (ii) to any company into which Developer or its parent or grandparent is merged or which results from the merger of Developer, or its parent or grandparent with any other entity. Any other assignment shall require the approval of the Town, which shall not be unreasonably withheld. Any attempt by Developer to transfer or assign this Agreement or any of its rights, duties or obligations under this Agreement in contravention of the terms set forth herein shall be void and of no effect.
- 8) Each of Developer's covenants hereunder (as a whole and severally) is material and essential to this Agreement. Developer's failure to comply with any of the covenants or the failure to maintain compliance with the covenants, shall, if not cured within sixty (60) days after written notice to the Developer at the address set forth above, be a material breach of the Agreement. In the event of a material breach by the Developer or in the event that the Developer (including its successors and permitted assigns) discontinues its operation of the Project or moves a substantial amount of its operations as they currently exist on the date of this Agreement out of East Hartford prior to the ten (10) year period set forth in paragraph 1 above, the Town may terminate the future real property tax savings attributable to the fixing of the assessment under paragraph 6 above, and the Developer shall be responsible for the repayment to the Town of a portion of the abated taxes in accordance with the following schedule:

Years 1-5: 100% of the total of the abatement received to date.

Years 6-10: 50% of the total of the tax abatement received to date.

Failure to pay such sums within thirty (30) days of demand shall constitute a lien against the property known as 172-182 Roberts Street, East Hartford, Connecticut and Town may, without further notice, file a lien on the land records with respect to such amounts due.

- 9) If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or be impaired thereby.
- 10) This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut. The parties agree to the jurisdiction and venue of the courts located in the State of Connecticut.
- 11) This Agreement is the complete and exclusive statement of the agreement between the parties as to the subject matter hereof and supersedes all communications between the parties related to the subject matter of this Agreement. Each party represents and warrants to the other that it has full power and authority to enter into and perform this Agreement. This Agreement can only be modified by a written agreement duly signed by the persons authorized to sign agreements on behalf of the Town of East Hartford and Developer.
- 12) A waiver of a breach or default under this Agreement shall not be a waiver of any other or subsequent breach or default. The failure or delay in enforcing compliance with any term or condition of this Agreement shall not constitute a waiver of such term or condition.
- 13) This Agreement may be executed in multiple originals or counterparts, each of which will be an original and, when all of the parties to this Agreement have signed at least one (1) original, such documents together will constitute a fully executed and binding Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

WITNESSED BY:

TOWN OF EAST HARTFORD

Marcia Leclerc, Mayor

BIGSON LLC

Kenneth D. Wilson
Member
