

Storrs Center Project Development Agreement

Phases 1A and 1B - Town of Mansfield, Storrs
Center Alliance, LLC and Education Realty
Trust, Inc

Agenda

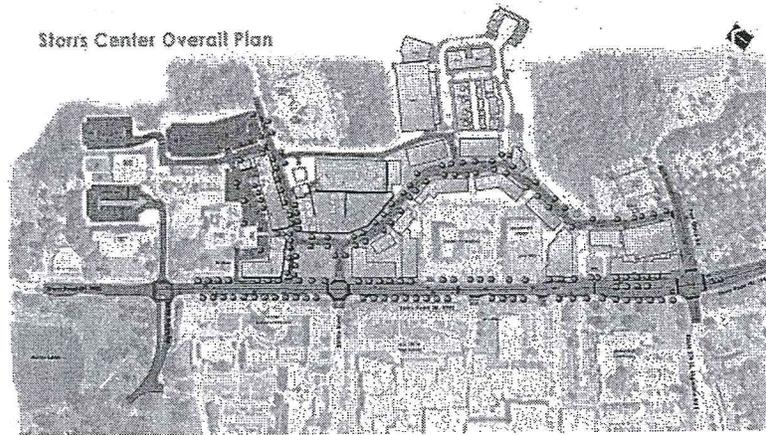
- Development program
 - Private improvements
 - Public Improvements
- Key terms of Development Agreement
- Fiscal analysis
- Managing risk
- Project benefits
- Next steps
- Q & A

Development Program

History

- 40 year vision for a downtown in Mansfield
- Mansfield Mayor Mike Schor initiates Town/University/Community Partnership (1999)
- Concept Plan for Downtown developed (2002)
- Town Council unanimously designates Mansfield Downtown Partnership as its municipal development agent (2002)
- MDP solicited LeylandAlliance as master developer for Storrs Center (2004)
- Municipal Development Plan for Storrs Center downtown approved by Town Council/Mansfield Planning and Zoning Commission/University Board of Trustees/Windham Region Council of Governments/Partnership (2005)

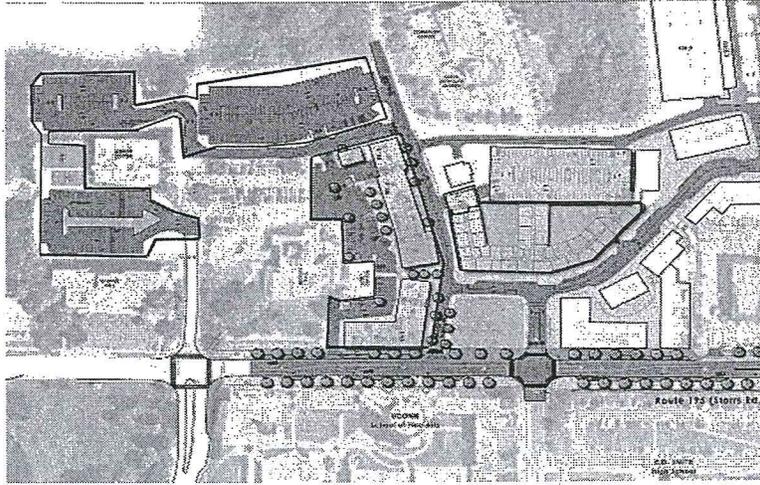
Overall Storrs Center Concept Plan



Town Square



Phase 1A and Phase 1B



Program for Phase 1A and 1B

- Mixed Use
- Phase 1A
 - 132 residential units
 - 29,400 square feet of commercial
- Phase 1B
 - 158 residential units
 - 44,000 square feet of commercial
- Parking for Residents, Visitors and Employees
 - Garage (est. 540 to 650 spaces)
 - Surface lot (est. 161 spaces)
 - On-street (est. 68 spaces on Storrs Road, Dog Lane)
- Town Square

Environmental Benefits

- Redevelop largely previously developed property (12.1 acres of 17 are redevelopment of previously developed site)
- Improve storm water quality and management and wetlands
- Preserve 25 acres of open space
- Development consistent with Sustainability Guidelines
 - Initiated by Partnership Planning and Design Committee
 - Model for state (subject of CT Department of Environmental Protection video commemorating the 40th anniversary of Earth Day)
 - Addresses land use, energy conservation, water use and management, eco-system preservation, etc.
- Pedestrian-oriented/walkable

Design and Construction Schedule

- Zoning Permit Review and Approval
- Building Permit Review and Approval
- Planned Construction Start and Completion
 - Phase 1A – Spring 2011 Start/July 2012 Opening
 - Phase 1B – Spring 2012 Start/July 2013 Opening

Village Street

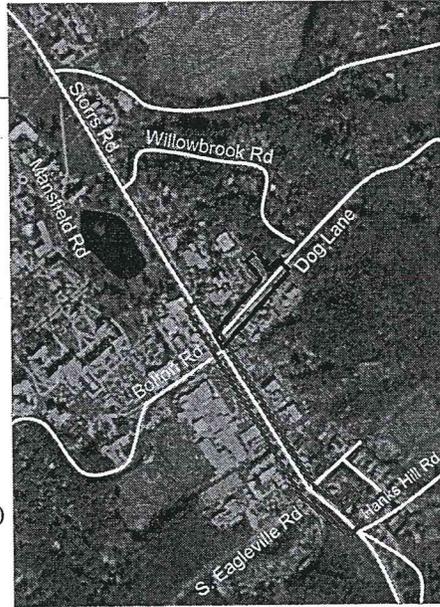


Public Infrastructure – Grant Projects

<input type="checkbox"/> Storrs Road Improvements	\$5.25M	State & Fed
<input type="checkbox"/> Dog Lane Improvements	\$1.025M	State & Fed
<input type="checkbox"/> Parking Garage	\$10M	State
<input type="checkbox"/> Intermodal Center & Transit Pathways	\$6.615M	Fed
TOTAL	\$22.89M	

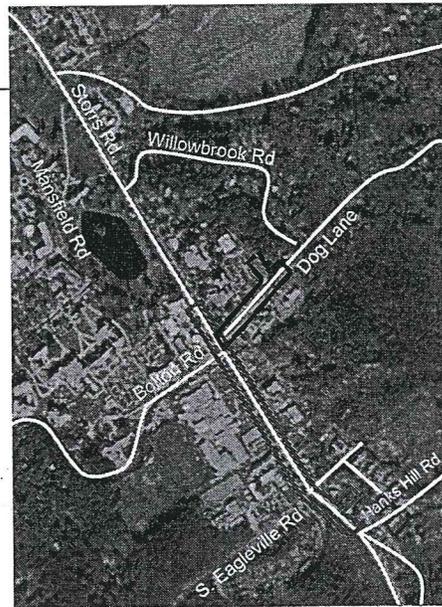
Area Map

- State Project No. 77-223
Storrs Road (Rt. 195) Improvements
 - Begins 100' +/- south of Mansfield Road
 - Extends to 300' +/- south of Post Office Road/
S. Eagleville Rd. Intersection
 - Total Length = 2,230' +/-
- State Project No. 77-227
Dog Lane Improvements
 - Begins at the Intersection of Dog Lane and Storrs Road (Rt. 195)
 - Extends east 700' +/- (350' +/- west of Willowbrook Rd. and Dog La. Intersection)
 - Total Length = 700' +/-



Area Map (continued)

- Adjacent and Abutting Projects
 - Publications Building Demolition & Abatement (Town of Mansfield)
 - State Project No. 77-217 (Town Enhancement Project)
 - Storrs Center (Private Development)
 - Storrs Center Parking Garage (Town of Mansfield)
 - Sanitary Sewer Improvements on Storrs Rd. (UCONN)



Key Terms of Development Agreement

Negotiating the Development Agreement - Key Objectives

- Adhere to community's vision for Storrs Center
 - Create a civic town center
 - Mixed use project
 - Apply principles of intelligent land use and sustainability
 - Enhance town's tax base
- Manage and mitigate the Town's risk with respect to issuance of debt and the assumption of management obligations related to Storrs Center
- Maximize use of federal and state grant funds to support public infrastructure

Negotiating the Development Agreement - Key Objectives (cont'd)

- Any municipal contribution to capital elements of the project or public infrastructure to be financed via NET revenue derived from the project
- Design operational structure of garage and parking system to be ultimately self-supporting; parking revenues to cover costs of operation, maintenance and deferred maintenance
- Negotiate an agreement that is fair and equitable and is cognizant of the relationship between the parties

General Conditions

- Three-party agreement
 - Town of Mansfield
 - Storrs Center Alliance, LLC
 - Education Realty Trust, Inc
- Private and public improvements to be completed in accordance with Phase 1A/1B schedule and maintained in a “first class manner”

Development of Intermodal/Parking Facility (Art. 3)

- Town to construct the 540-space facility using \$10M grant proceeds. Town to prepare alternate design (650 spaces) if budget allows. Parties to cooperate to find way to proceed with alternate design if budget is insufficient.
- Parking facility may include intermodal hub
- If aggregate estimated costs exceed grant funds Town has the right to adjust project scope to reduce costs, but must consult with developer parties on any material changes. Town must reasonably consider developer parties' comments.

Development of Intermodal/Parking Facility (Art. 3) (cont'd)

- Town to construct alternate design if budget allows; developer parties have right to fund any budget deficiency to allow construction of alternate design
- UConn to convey property to Town; SCA (Storrs Center Alliance, Inc) to convey any outstanding easements to Town

Development of Storrs Road and Dog Lane Improvements (Art. 4)

- Town to construct improvements using \$6.275M grant proceeds. If aggregate estimated costs exceed grant funds Town has the right to adjust project scope to reduce costs, but must consult with developer parties on any material changes. Town must reasonably consider developer parties' comments.
- SCA to convey land for Dog Lane to Town for \$0

Development of Transit Pathway Improvements (Village Street) (Art. 5)

- Town to construct improvements using \$4.9M grant proceeds, \$.85M from EDR and \$371,000 in Town fire marshal fees
- If aggregate estimated costs exceed grant funds, Town has right to adjust project scope to reduce costs, but must consult with developer parties on any material changes. Town must reasonably consider developer parties comments.

Development of Transit Pathway Improvements (Village Street) (Art. 5)

- Town has right to reject federal grant if Town cannot reasonably adjust scope of project to come within budget, in which case the parties shall cooperate to otherwise construct Village Street, such as using other grant funds or SCA using its match funds to build less expensive road
- UConn to convey property to Town; SCA to convey any outstanding easements to Town

Environmental (Art. 6)

- SCA has obligation to investigate and clean-up any environmental contamination on land to be conveyed to the Town
- If, based upon environmental reports or notice from grant agency, Town cannot accept a particular parcel, the parties will cooperate to seek program or siting alternatives. Town reserves right to reject conveyance.
- SCA to indemnify and defend the Town if SCA fails to meet its obligations under this article
- Parties recognize that SCA has executed agreements with UConn and UConn may have some responsibility to share remediation costs, which shall not relieve SCA of its obligations to the Town

Governmental Approvals (Art. 7)

- Town and developer parties to obtain necessary permits and approvals for improvements under their control
- Execution of development agreement is not intended to supplant or influence role of Town's permitting authorities (e.g. PZC, IWA)
- Town and developer parties to satisfy conditions of state traffic commission (STC) certificate for road improvements

Developer Party Improvements (Art. 8)

- Developer parties have obligation to construct private improvements
 - Phase 1A minimum of 25,000 square feet of commercial/retail office and 120 residential units
 - Phase 1B minimum of 35,000 square feet of commercial/retail office and 140 residential units
- Restriction against dormitory style construction

Developer Party Improvements (Art. 8) (cont'd)

- EDR to fund infrastructure improvements to Dog Lane; road between Dog Lane and Village Street; improvements to post office site; Town Square improvements; road on eastern side of Town Square
- If estimated costs exceed budget, developer parties have right to adjust project scope to reduce costs, but must consult with Town on any material changes. Developer parties must reasonably consider Town's comments.

Developer Party Improvements (Art. 8) (cont'd)

- Any remaining surplus to be allocated to:
 - Other public improvements
 - Relocation costs
 - Other public portions of project
- If cost of public improvements or developer party infrastructure exceeds budget, and parties cannot reduce scope to come within budget, SCA shall fund deficiency in exchange for future tax abatement with an annual return of 8%, subject to terms to be agreed upon by Town and SCA

Developer Party Improvements (Art. 8) (cont'd)

- Town to provide tax abatement to EDR to reimburse EDR for public infrastructure costs related to Phases 1A and 1B; 7-yr schedule for each abatement period. Aggregate amount approx \$4.5M (\$3M at 8% discount rate).

Developer Party Improvements (Art. 8) (cont'd)

- Town to cap building & fire marshal permit fees for future phases of project. Cap is designed for full cost recovery of direct inspection services and set at \$12/\$1000 of construction; Town has right to adjust fees every 3 years based upon CPI. Town will seek to amend its building and fire marshal fee schedule to allow for lower fees of this type and value, as present permit fees exceed cost to inspect projects of this scope. If amendment is not approved, Town to refund excess fees via tax abatement on future phases of Storrs Center.

Parking (Art. 9)

- Parking to consist of structure (garage), surface (Dog Lane lot) and on-street (interior streets, Storrs Road)
- EDR shall lease 425 spaces (approx 350-375 in garage) at an initial rate of \$60/month per space; rate shall be adjusted every 3 years according to CPI, not to exceed 10% in any 3-yr period
- EDR to lease 212 spaces at completion of 1A and balance at completion of 1B
- EDR spaces to be segregated in structure
- “Public Garage Term” set at 98 years

Parking (Art. 9)

- SCA to assume management of parking for an initial 7-yr period. SCA shall collect all proceeds and assume liability for any operational deficit. Any net operating income (NOI) to be shared as follows:
 - 100% to reimburse SCA for any previous operating deficit
 - 50% to Town and 50% to SCA until reserve is fully funded
 - 100% to SCA as its sole compensation for operating garage

Parking (Art. 9)

- Town shall fund “Repair and Replacement Reserve” on annual basis to fund capital repairs
- Town to carry specified replacement cost insurance through current carrier. In the event of casualty covered by Town’s insurance (or casualty that would have been covered if Town carried required insurance), Town shall restore garage to substantially same condition prior to casualty. If casualty not covered by specified insurance, Town has right to terminate lease and developer parties have right to acquire property and balance of reserve fund for \$1 “as is with all faults.”

Parking (Art. 9)

- During first 50 years of parking garage term, Town to maintain garage in good order and condition and to make all necessary capital improvements, using funds available in reserve fund as well as other Town funds
- Beginning in 51st year, Town to continue to maintain garage in good order and condition but liability limited to funds available in reserve. If Town determines garage needs to be rebuilt Town may terminate lease and developer parties have right to acquire property and balance of reserve fund for \$1 “as is with all faults.”

Parking (Art. 9)

- During Public Garage Term, Town may not transfer garage to private entity but may transfer ownership to public agency subject to developer parties' reasonable approval
- In the event garage is not completed in accordance with schedule, the Town will use reasonable commercial efforts to provide interim substitute parking (EDR shall pay for such interim parking)
- Town shall set the parking rates for parking under its control, subject to SCA's reasonable approval. SCA shall set the parking rates for parking under its control, subject to the Town's reasonable approval.

Article 10 – Relocation

- Town and SCA shall continue agreement to share eligible relocation costs for existing tenants within the Phase 1A/1B area
- Current estimate totals \$700,000 or \$350,000 each for Town and SCA

Town Square (Art. 11)

- SCA to convey property to the Town
- SCA to have the exclusive right to license the square for portable retail kiosks for an initial term of 10 yrs, for an annual license fee equal to 20% of NOI. Town to approve number, location and use of kiosks.

Town Square (Art. 11)

- Developer parties have right to use square for events and marketing purposes, subject to Town ordinances, rules and regulations
- Provisions of license agreement between Town and SCA (“Town Square License Agreement”) shall not interfere with public’s First Amendment Rights

Conveyance of Open Spaces (Art. 13)

- Town agrees to accept conveyance of conservation areas, subject to conditions of open space acquisition policy

Special Conditions (Art. 19)

- Conditions that developer parties must satisfy before the Town initiates construction on the garage:
 - Obtain building permits for Phase 1A
 - Construction of Phase 1A has commenced
 - Acquire title to all Phase 1 and other necessary property
 - Obtain binding construction loan commitments
 - UConn/SCA infrastructure agreements have not been amended in manner that would materially affect project without approval from the Town
 - No developer party has defaulted under the agreement
 - DECD has approved the modification to garage grant agreement
 - Provide evidence of ability to complete improvements in accordance with project schedule

Special Conditions (Art. 19)

- Conditions that Town must satisfy before developer parties initiate construction of private improvements or Developer Party Infrastructure:
 - Town has issued all building permits for Phase 1A improvements
 - Town has confirmed that it is prepared to enter into construction contracts for the public improvements and expects to complete the improvements on schedule
 - Town has not defaulted under the agreement

Restricted Uses and Transfers (Art. 21)

- Any facility that would constitute an adult-oriented establishment is prohibited
- Developer parties restricted from transferring private improvements to tax-exempt entities for a period of 20 years, without reasonable consent of the Town
- Restrictions run with the land

Water & Wastewater

- UConn and SCA have executed an agreement under which UConn has agreed to extend water and wastewater services to the project
- Estimated demand for water for Phases 1A and 1B totals approximately 77,000 gallons per day
- UConn plans to proceed with its water reclamation project which will provide sufficient water to serve committed uses in UConn's water supply plan, including Storrs Center
- Reclaimed water facility will be completed consistent with 1A and 1B timeframe

Fiscal Analysis

Private and Public Investments

- Total Project Cost - \$87.6 million

- Sources of Funds
 - Leyland/EDR - \$61.4 million
 - State and Federal Grants - \$22.9 million
 - Tax Abatements and Fees - \$ 3.3 million

- Private sector entities will fund more than 70% of total project costs

- Federal and State entities have provided grants that fund over 25% of the total project cost

- Town contribution to gap financing less than 4% of total project costs

Fiscal Impact Analysis

- AECOM has estimated of the fiscal impact of Phases 1A and 1B of the Storrs Center project, when it is fully-built and occupied
- The fiscal impact analysis projects the tax revenues accruing to the Town, municipal and school costs, and the net impact on the Town budget
- Tax revenues considered by the analysis include:
 - Real Estate tax
 - Personal Property Tax and Motor Vehicle Tax
- Municipal costs considered by the analysis include:
 - Town departmental costs service costs
 - Public safety, public works, and fire prevention expenses
 - School costs (net of State aid)
- Foregone existing property taxes

Fiscal Impact Analysis

- Tax Revenue projections are based on market-supportable rents and construction costs, and incorporates the latest information on State equalization rates and Town mill rates
- Municipal Cost projections are based on a detailed analysis of the Town's current and historical operating, and interviews with Town staff and department heads to estimate staffing requirements and payroll costs
- School costs are based on an analysis of comparable housing projects, regional data on school-age children generation in multi-family projects, and discussions with the School District Superintendent

Stabilized Year Net Fiscal Impact Table

- Based on the assumptions identified in the fiscal impact study, Phases 1A and 1B of the project would have a positive net fiscal impact.
- Detailed findings include the following:
 - Annual tax revenue of \$1.05 million
 - Annual expenses of \$660,000
 - Annual net fiscal impact (tax revenue minus cost) of \$388,000

<u>Annual Revenues</u>	
Real Estate	\$983,207
Personal Property	\$37,483
Motor Vehicle	\$56,648
Total Annual Revenues	\$1,077,339
Existing Annual Revenues	(\$29,224)
Incremental Annual Revenues	\$1,048,115
<u>Annual Costs</u>	
<u>Average Costs</u>	
New Residents	\$57,620
New Workers	\$3,027
<u>Marginal Costs</u>	
Operating Costs	\$418,460
Capital Costs	\$23,097
Net School Costs	\$157,507
Total Annual Costs	\$659,712
Annual Net Fiscal Impact	\$388,403

Source: AECOM

Developer Benefits

- ❑ To induce the project, the Town is considering a partial tax exemption for a period of 7 years for Phases 1A and 1B
- ❑ The tax exemption will apply to the Real Estate taxes on the residential portion of the project only (290 units)
- ❑ Town will collect full taxes on the retail portion of the project (~ 74,000 SF)
- ❑ Exemption schedule that starts with 93% exemption in the first year, declining to 60% exemption in the seventh and last year of the exemption. Project will be required to pay full taxes starting the eighth year
- ❑ Present value of the proposed tax exemption for Phases 1A and 1B is \$3 million, with a cash value of approximately \$4.5 million

Multi-Year Net Fiscal Impact Table

Fiscal Year	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Developer Benefits									
Phase 1A									
Residential Real Estate Tax Revenues	\$84,000	\$347,000	\$357,000	\$368,000	\$379,000	\$390,000	\$402,000	\$414,000	\$426,000
Proposed Abatement Schedule	0%	93%	95%	90%	75%	70%	65%	60%	0%
Proposed Abatement	\$0	\$321,000	\$339,000	\$331,000	\$284,000	\$273,000	\$261,000	\$248,000	\$0
Phase 1B									
Residential Real Estate Tax Revenues	\$0	\$98,000	\$406,000	\$418,000	\$431,000	\$443,000	\$457,000	\$470,000	\$485,000
Proposed Abatement Schedule	0%	0%	93%	95%	90%	75%	70%	65%	60%
Proposed Abatement	\$0	\$0	\$376,000	\$397,000	\$387,000	\$333,000	\$320,000	\$306,000	\$291,000
PV of 1A Abatement (@ 8%)	\$1,439,000	Full Cash Value of 1A Abatement				\$2,057,000			
PV of 1B Abatement (@ 8%)	\$1,561,000	Full Cash Value of 1B Abatement				\$2,410,000			
Total Developer Benefits	\$3,000,000	Developer Benefits - Cash Value				\$4,467,000			

Net Town Revenues

- Over a multi-year period Phases 1A and 1B will generate a net fiscal benefit to the Town, including incremental municipal and school costs and the proposed tax exemption to the developer
 - Net Tax Revenue to the Town of \$1.3 million over a 10-year period
 - Net Tax Revenue to the Town of \$4.2 million over a 15-year period
 - Net Tax Revenue to the Town of \$7.5 million over a 20-year period

	Timeframe	10-Year	15-Year	20-Year
Net Revenue Accruing to Town		\$6,138,625	\$8,992,625	\$12,300,625
Developer Benefits		(\$4,467,000)	(\$4,467,000)	(\$4,467,000)
<u>FY12 Public Infrastructure Improvements</u>		<u>(\$371,933)</u>	<u>(\$371,933)</u>	<u>(\$371,933)</u>
NPV of Storrs Center Town Benefits		\$1,299,692	\$4,153,692	\$7,461,692

Source: AECOM

Town Benefits

- Once operational, Phases 1A and 1B will support approximately 165 retail jobs and 9 building, parking and grounds management jobs
- In addition, the project will support construction-related jobs at the project site on a temporary basis during the construction period
- Construction workers will generate additional sales and activity for existing shops and retailers in the vicinity of the project area
- Over a multi-year period Phases 1A and 1B will generate a significant return on the Town's initial gap financing contribution
 - \$1 in Town contribution will return \$1.27 in Net Town Revenues over a 10-year period
 - \$1 in Town contribution will return \$1.86 in Net Town Revenues over a 15-year period
 - \$1 in Town contribution will return \$2.54 in Net Town Revenues over a 20-year period
- In addition, once operational, we anticipate that the spill-over impacts of the project will result in increased sales and activity for existing shops and restaurants adjacent to the project

Managing Risk

Managing Risk

- There is risk involved with any development project of this scope
- Town has taken a number of steps to manage or mitigate its risk:
 - Finance capital contributions via net revenue derived from project
 - Town contribution provided through tax abatement as opposed to issuance of debt
 - Maximize use of federal and state grant funds
 - Value engineering process to adjust project scope to reduce costs to meet budget
 - Developer parties assume liability for environmental conditions
 - Developer parties committed to build to certain minimum levels

Managing Risk

- SCA assumes any operational deficit for parking system through parking management agreement with SCA
- Long-term lease with EDR for 98 years
- Reasonable capital maintenance obligations for garage
- Shared relocation costs
- Special conditions that developer parties must satisfy before Town initiates construction on garage
- Comprehensive insurance requirements, dispute resolution process and restrictions on transfer and assignment

Project Benefits

Project Benefits

- Civic/public
 - Create Town Square and civic center
 - Create infrastructure to develop a great Main Street (Village Street)
 - New goods and services for residents
- Environmental
 - Improve storm water quality and management and wetland habitat
 - Preserve 25 acres of open space
 - Built in accordance with SDD and sustainability guidelines
 - Pedestrian-oriented/walkable

Project Benefits (cont'd)

- Economic development
 - Grow Town's tax base – project will increase grand list by approx. 4%; SCA and EDR become largest taxpayer
 - 174 new jobs
 - New customers and business opportunities for existing businesses

Next Steps

Next Steps

- Town Council referral of development agreement to PZC for review under CGS §8-24 and to Mansfield Downtown Partnership, Inc. as municipal development agency for Storrs Center
- Public hearing scheduled for 7:00 PM on 12/09/10 at EOS High School Auditorium

Next Steps

- Town Council consideration of draft development agreement. Council approval actions would include authorization for Town Manager to execute agreement and specific approval of tax assessment fixing agreements

Q&A



Storrs Center Corpus
Anticipated Revenues and Expenditures

Fiscal Year	Beginning Balance	Estimated Tax Revenues	Average Costs	Marginal Costs	School Costs	Abatement	Net Revenue	Investment Earnings	Estimated Costs**	Ending Balance
2011/12	758,625	115,229	(15,212)	-	-	-	100,017		(371,933)	486,709
2012/13	486,709	634,044	(47,840)	(66,835)	-	(321,000)	198,369	6,084	(135,000)	556,162
2013/14	556,162	1,145,303	(66,270)	(137,681)	-	(715,000)	226,352	6,952	(136,500)	652,966
2014/15	652,966	1,179,662	(68,259)	(319,394)	(55,759)	(728,000)	8,250	8,162	(128,045)	541,333
2015/16	541,333	1,215,052	(70,307)	(420,430)	(120,013)	(671,000)	(66,698)	6,767	(54,640)	426,762
2016/17	426,762	1,251,504	(72,415)	(527,243)	(170,632)	(606,000)	(124,786)	5,335		307,310
2017/18	307,310	1,289,048	(74,588)	(543,060)	(193,714)	(581,000)	(103,314)	3,841		207,838
2018/19	207,838	1,327,721	(76,826)	(559,352)	(199,526)	(554,000)	(61,983)	2,598		148,452
2019/20	148,452	1,367,552	(79,131)	(576,132)	(205,511)	(291,000)	215,778	1,856		366,086
2020/21	366,086	1,408,579	(81,504)	(593,416)	(211,677)	-	521,982	4,576		892,644
10 year Total	758,625	10,933,694	(652,352)	(3,743,543)	(1,156,832)	(4,467,000)	913,967	46,170	(826,118)	892,644

* Original Beginning Balance = One time permit fee revenue

** Estimated Costs FY 2011/12 = Public Infrastructure Improvements

Estimated Costs FY 2012/13 to 2015/16 = Additional CIP appropriation for relocation costs PLUS funding for Reserve (not covered by NOI)