

September 24, 2012

TO: Betsy Paterson

FROM: Paul M. Shapiro

SUBJECT: Assisted/Independent Living Project

In accordance with Section 25-7(C) of the Code of Ethics, I will neither participate nor vote in any matter pertaining to the assisted living project.

I am chairman of the board of New Samaritan Corporation, which is primarily a developer and manager of affordable housing for senior citizens. I receive no compensation for this service. New Samaritan owns and operates the Mansfield Center for Nursing and Rehabilitation in town, and was the sponsor of both Juniper Hill Village and Glen Ridge. I am also a member of the board of directors of those two entities. New Samaritan manages Juniper Hill Village and Glen Ridge through its management arm, Elderly Housing Management (EHM).

Before Masonicare was selected as the preferred developer of a potential assisted living project, New Samaritan had expressed an interest in it in being the preferred developer. However, it did not respond to the RFP.

There is a significant overlap between the business interests of Masonicare and New Samaritan and I believe that my participation and vote on any matter pertaining to assisted living creates the appearance of a conflict of interest. Accordingly, I will recuse myself from participating and voting on issues pertaining to the assisted living/independent living matter.

cc: Board of Ethics
Mary Stanton
Matt Hart

Taxation of University of Connecticut and/or State of Connecticut Real Estate Leased to Private Companies:

Per State Statute Sec. 12-64 (b)+(c) listed below, the Town of Mansfield currently taxes real estate which is owned by the University and/or the State of Connecticut but leased to private (taxable) companies.

Sec. 12-64. Real estate liable to taxation. Easements in air space. Separate assessment of the interest of a lessee. Conditions under which lessee of state-owned property is subject to tax.

“(b) Except as provided in subsection (c) of this section, any land, buildings or easement to use air rights belonging to or held in trust for the state, not used for purposes attributable to functions of the state government or any other governmental purpose but leased to a person or organization for use unrelated to any such purpose, exclusive of any such lease with respect to which a binding agreement is in effect on **June 25, 1985**, shall be separately assessed in the name of the lessee and subject to local taxation annually in the name of the lessee having immediate right to occupancy of such land or building, by the town wherein situated as of the assessment day next following the date of leasing pursuant to section 4b-38. If such property or any portion thereof is leased to any organization which, if the property were owned by or held in trust for such organization, would not be liable for taxes with respect to such property under any of the subdivisions of section 12-81, such organization shall be entitled to exemption from property taxes as the lessee under such lease, provided such property is used exclusively for the purposes of such organization as stated in the applicable subdivision of said section 12-81 and the portion of such property so leased to such exempt organization shall be eligible for a grant in lieu of taxes pursuant to section 12-19a. Whenever the lessee of such property is required to pay property taxes to the town in which such property is situated as provided in this subsection, the assessed valuation of such property subject to the interest of the lessee shall not be included in the annual list of assessed values of state-owned real property in such town as prepared for purposes of state grants in accordance with said section 12-19a and the amount of grant to such town under said section 12-19a shall be determined without consideration of such assessed value.

(c) The provisions of subsection (b) of this section shall not be applicable to any land, building or easement belonging to or held in trust for the state of Connecticut at (1) Bradley International Airport or any other state-owned airport, and (2) any restaurant, gasoline station or other service facility or public convenience as may be deemed appropriate by the Commissioner of Transportation for state highway, mass transit, marine or aviation purposes. In the event a lessee of property, belonging to or held in trust for the state or a constituent unit of the state system of higher education, who is subject to taxation pursuant to the provisions of this subsection or pursuant to subsection (g) of section 4b-38 is delinquent in the payment of such tax, a municipal tax collector may enforce the collection of said tax by all legal means available, except for the filing of a lien on such property.”

Current State/University owned Taxable Real Estate Accounts:

- Celeron Square 7,509,180 Total Assmt (3 accounts)
 - Nathan Hale Hotel 2,271,500 Assmt
 - 35% UConn Co-Op 2,362,640 Assmt
 - Total: 12,143,320
- (12,143,320 X .02716 = 329,812.57 Taxes for 2012/13 FY)

(UConn Shopping Plaza – 1254 Storrs Road was previously taxed, but is being torn down)

Regarding business personal property, if a non-exempt company or business rents space from a tax-exempt entity, including UConn or the State of Connecticut, such personal property is also taxable. We have the following Personal Property accounts, which meet the criteria:

- Sodexho Management Inc. (Gampel Pav) 21,920 Assmt
 - Campus Associates (Nathan Hale Hotel) 709,920 Assmt
 - MacQuarie Equip. Fin. LLC (Nathan Hale) 67,620 Assmt
 - Central Parking Sys of CT, Inc. (Parking Gar) 6,510 Assmt
 - Mathew Corp. (UConn – Storrs Hall) 117,550 Assmt
 - Anthony's Hair Salon (Student Union) 48,060 Assmt
 - Bank of America (Student Union) 4,880 Assmt
 - Blimpie Subs & Salads (Student Union) 6,590 Assmt
 - Panda Café (Student Union) 51,240 Assmt
 - Wendy's (Student Union) 69,480 Assmt
 - People's Bank (Storrs Rd. & UConn Co-Op) 130,860 Assmt
 - UConn Co-Op (2075 Hillside Rd.) 398,330 Assmt
 - Total: 1,632,960
- (1,632,960 X .02716 = 44,351.19 Taxes for 2012/13 FY)

These accounts are not all-inclusive as we also have Personal Property accounts for several leasing companies, such as Coca-Cola and Ikon Office Solutions, who report assets at various locations throughout the Town, as well as UConn.

Regarding real or personal property leased by a tax exempt organization to another tax exempt organization, the Town of Mansfield has adopted a Local Ordinance titled: "Tax Exemption for Property Leased to Charitable, Religious or Nonprofit Organizations [Adopted 9-27-2004, effective 10-22-2004]"

The ordinance reads as follows:

“Sec. 173-43. Title.

This article shall be known and may be cited as the “Exemption of Property Leased to Charitable, Religious or Nonprofit Organizations Ordinance.”

Sec. 173-44. Legislative authority.

This article is enacted pursuant to the provisions of Connecticut General Statutes Sec. 12-81(58), as amended.

Sec. 173-45. Intent and purpose.

This article is designed to implement the provisions of Connecticut General Statutes Sec. 12-81(58), as it may be amended from time to time, to allow the Town to exempt from local taxation certain real and personal property that is leased by a charitable, religious or nonprofit organization from another charitable, religious or nonprofit organization and is used exclusively for the purposes of the lessee charitable, religious or nonprofit organization.

Sec. 173-46. Exemption granted.

Pursuant to the provisions of Section 12-81(58) of the Connecticut General Statutes, the Town of Mansfield does hereby exempt any real or personal property leased by a charitable, religious or nonprofit organization to another charitable, religious or nonprofit organization, provided that the lessor is, as determined by the Assessor, exempt from local taxation as of the date of the applicable tax list; the lessee is, as determined by the Assessor, exempt from local taxation as of the date of the applicable tax list; and the leased property is used exclusively for the purposes of the lessee. Said exemption shall apply to the tax list of October 1, 2004, and to each tax list thereafter.”

Currently, some of the businesses renting space from the University of Connecticut at the Depot Campus and at the Biotechnology Building meet the criteria as set forth in this Local Option and are, therefore, not being taxed. In fact, quite a few researchers utilize the University’s cryogenic equipment and incubators and their research is under patent with the University so that when they eventually leave, their research becomes the property of the University.

- Agirvida Inc. (Bio Science Complex)	119,440 Assmt.
- Escientia Life Sciences (Bio Science Complex)	11,844 Assmt.
- Catelectric Corp. (Chemistry Dept.)	<u>12,070 Assmt.</u>
Total:	143,354
(143,354 X .02716 = 3,893.49 Taxes for 2012/13 FY)	

An updated list of rental spaces from the University has been requested and should be received soon.

Additional legislation:

Special Act 85-108: Creation of University of Connecticut Educational Properties Inc. (UCEPI)

The Special Act authorized the lease of north campus property within a defined area to UCEPI for a total rent of \$1. Additionally, the Act provided that any properties leased or otherwise transferred from UCEPI to a third party would be subject to local assessment and taxation under CGS Chapters 203 and 204. Once a property/building became taxable under CGS 12-53a, the parcel would no longer be included as property of UCONN for the purpose of computing the PILOT payment.

Public Act 96-244: Amendments to UCEPI

The amendment to Special Act 85-108 included in PA 96-244 limited the Town's ability to tax properties leased by UCEPI to third parties to those leased for residential, mercantile and hotel uses. Prior to the adoption of this amendment, any property leased to a third party was subject to local taxes. Furthermore, hotel uses were exempt from local taxes during the first 7 years after opening to guests, with local taxes then phased in over the following 3 years in 1/3 increments. The provisions regarding removal of properties from PILOT calculations remained unchanged.

A final note regarding Celeron Square specifically, the University of Connecticut Educational Properties, Inc. (UCEPI), entered into a Sublease with the ConnTech Development Company on June 16, 1987. The term of the lease is forty-five (45) years commencing on June 16, 1987 and terminating on June 15, 2032. The Construction and Permanent Mortgage Deed and Security Agreement that accompanies the Sublease specifically states that taxes, insurance and repairs are the responsibility of the Grantor ConnTech Development Company. Both documents are recorded in the Mansfield Land Records in Vol. 255, Pgs. 85-98.