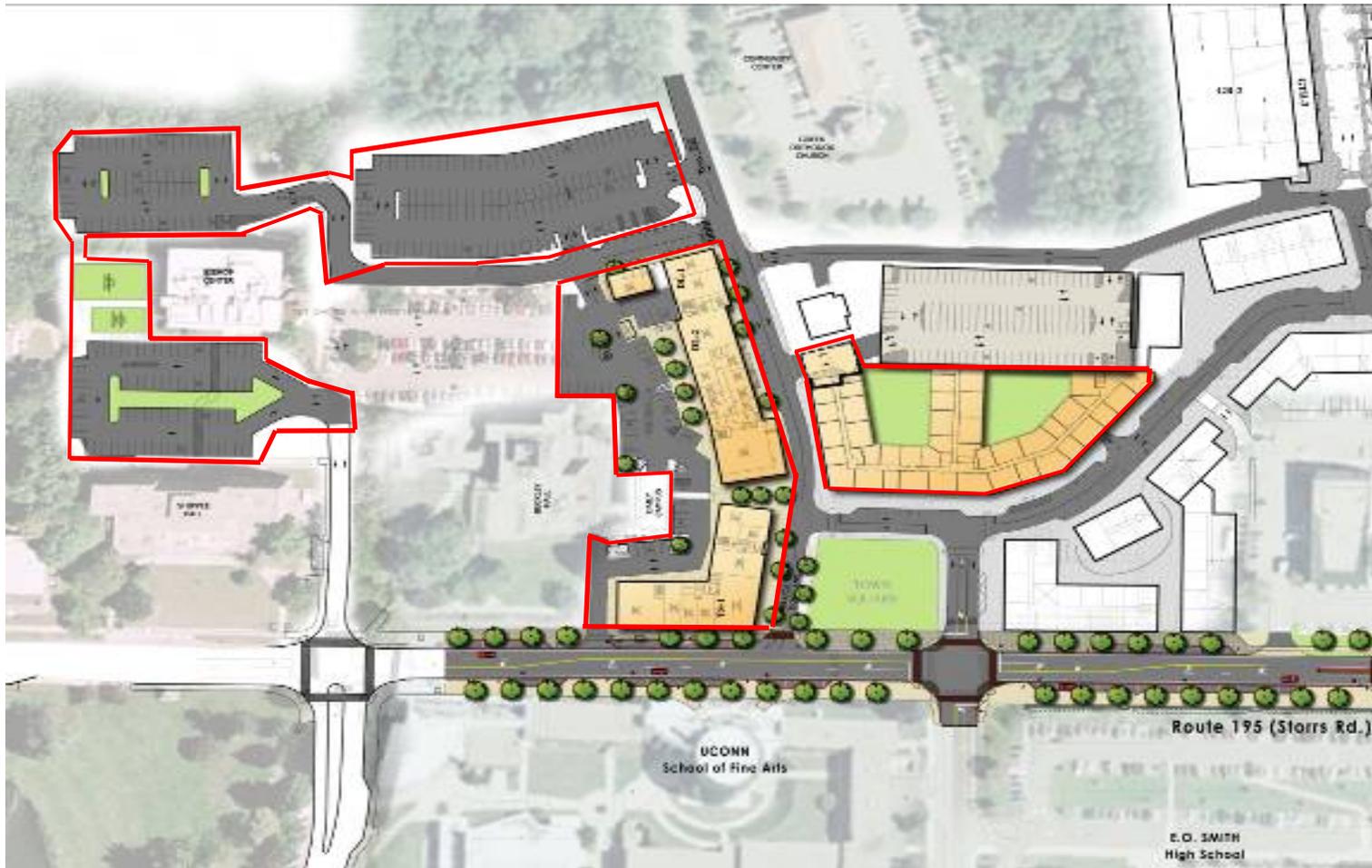


Storrs Center Project Development Agreement

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

Phase 1A and Phase 1B



Town Square





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



Public Infrastructure – Town Grant Projects

□ Storrs Road Improvements	\$5.25M	State & Fed
□ Dog Lane Improvements	\$1.025M	State & Fed
□ Parking Garage	\$10M	State
□ Intermodal Center & Transit Pathways	\$6.615M	Fed
TOTAL	\$22.89M	



Key Objectives

- Adhere to community's vision for Storrs Center
 - Civic town center
 - Mixed use project
 - Intelligent land use and sustainability
 - Enhance tax base
- Manage Town's risk (protect the Town)
- Maximize use of federal and state grant funds



Key Objectives (cont'd)

- Use grant funds and net revenue from project to finance capital components
- Design operational structure of garage and parking system to be ultimately self-supporting
- Negotiate agreement that is fair and equitable



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 “first class manner”



Public Infrastructure

- Finance through grant funding
- 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



Public Infrastructure

- If cost of public improvements or developer party infrastructure exceeds budget, and parties cannot reduce scope to come within budget, SCA to fund deficiency in exchange for future tax abatement, subject to terms to be agreed upon by Town and SCA



Intermodal/Parking Facility

- ❑ Town to construct 540-space facility using \$10M grant proceeds. Town to prepare alternate design (650 spaces) if budget allows.
- ❑ Town to construct alternate design if budget allows; developer parties have right to fund any budget deficiency to allow construction of alternate design
- ❑ Parking facility may include intermodal hub



Land Acquisition and Environmental

- Majority of land to be transferred to Town at no cost; minor land costs to be funded under grant budgets
- SCA has obligation to investigate and clean-up any environmental contamination on land to be conveyed to Town



Governmental Approvals

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



Developer Party Improvements

- 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
- Restrictions against dormitory style construction
- EDR to fund certain infrastructure improvements (e.g. road between Dog Lane and Village Street)

Parking

- Parking to consist of structure (garage), surface (Dog Lane lot) and on-street (interior streets, Storrs Road)
- EDR to lease 425 spaces (approx 350-375 in garage) at initial rate of \$60/month per space
- “Public Garage Term” set at 98 years

Parking (cont'd)

- SCA to assume management of parking for initial 7-yr period 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 (cont'd)

- Town's maintenance obligations
 - Town to fund "Repair and Replacement Reserve" on annual basis
 - Years 1-50 – Town to maintain in good order and condition and to make all necessary capital improvements, using funds available in reserve fund as well as other Town funds
 - Years 51+ - Town 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 (cont'd)

- Transfer of ownership
 - No transfer to private entity
 - Transfer to public entity allowed
- Parking rates – reasonable approval from other party



Relocation and Conservation Areas

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



Town Square

- SCA to have exclusive right to license square for portable retail kiosks for initial term of 10 yrs, for annual license fee equal to 20% of NOI. Town to approve number, location and use of kiosks.
- 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 not to interfere with public's First Amendment Rights

Special Conditions

- Conditions that developer parties must satisfy before Town initiates construction on 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 modification to garage grant agreement
 - Provide evidence of ability to complete improvements in accordance with project schedule

Special Conditions (cont'd)

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



Economic Incentives

- 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).

Economic Incentives (cont'd)

- Town to cap building & fire prevention services 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.

Private and Public Investment

- Phase 1A/1B 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 fund more than 70% of total project costs

- Federal and state grants fund over 25% of total project cost

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



Fiscal Impact Analysis

- AECOM has estimated fiscal impact of Phases 1A/1B
- Analysis projects tax revenues accruing to the Town, municipal and school costs, and the impact on Town budget
- Tax revenues include:
 - Real Estate tax
 - Personal Property Tax and Motor Vehicle Tax
 - Deduct existing property taxes
- Municipal costs include:
 - Town departmental service costs
 - Public safety (police and fire) and public works expenses
 - School costs (net of State aid)

Stabilized Year Net Fiscal Impact Table

- Based on assumptions identified in the fiscal impact study, Phases 1A and 1B of the project would have 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

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

Source: AECOM

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									
<u>Phase 1A</u>									
Residential Real Estate Tax Revenues	\$84,000	\$347,000	\$357,000	\$368,000	\$379,000	\$390,000	\$402,000	\$414,000	\$426,000
<i>Proposed Abatement Schedule</i>	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
<u>Phase 1B</u>									
Residential Real Estate Tax Revenues	\$0	\$98,000	\$406,000	\$418,000	\$431,000	\$443,000	\$457,000	\$470,000	\$485,000
<i>Proposed Abatement Schedule</i>	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 multi-year period Phases 1A and 1B will generate fiscal benefit to the Town, NET of abatement and Town costs
 - 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

	<i>Timeframe</i>	<i>10-Year</i>	<i>15-Year</i>	<i>20-Year</i>
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

Town Benefits

- Phases 1A/1B will support 165 retail jobs and 9 building, parking and grounds management jobs
- Project will support construction-related jobs during construction period
- Workers will generate additional sales and activity for existing shops and retailers
- Over multi-year period Phases 1A/1B will generate significant return on 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
- Spill-over impacts of project will result in increased sales and activity for existing shops and restaurants

Managing Risk

- There is risk involved with any development project of this scope
- Town has taken a number of steps to manage its risk:
 - Finance capital contributions via federal and state grant funds and net revenue derived from project
 - Town contribution provided through tax abatement as opposed to issuance of debt
 - 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
 - Force majeure clause includes receipt of grant funding by Town



Managing Risk (cont'd)

- SCA assumes any operational deficit for parking system through parking management agreement with SCA
- Long-term lease with EDR for 98 years
- Tiered 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
- Parent company responsible for developer party liabilities



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

