MINUTES
SPECIAL MEETING (via Zoom)
ECONOMIC DEVELOPMENT COMMISSION
April 17, 2020

PRESENT: Chairman John Allen, Commissioners Hank Teskey, Robert Werner, John Olsen, Phil Sengle, Phil Williams, Richard Juel (signed in 5:08 p.m.)

Also present: Town Manager Karl Kilduff and Town Council member Tim Guerra

The meeting was called to order at 5:00 p.m.

Roll call was taken.

New Business:
Indian River LLC Tax Abatement Recommendation:

Indian River Landing, Greylock Property Group has requested a Tax Abatement to control operating income during lease up and to attract tenants. The Economic Development Commission’s role in Clinton’s incentive process is to review the request and make their recommendation to the Town Council and Town Manager.

H. Teskey provided his thoughts on the request as follows:
- The success of Indian River Landing is in the town’s best interest and will have a positive impact on Clinton
  o It will improve quality of life, increase commerce, job creation and tax revenue
  o Any negative impacts have been mitigated to the satisfaction of the State of CT and the Clinton P&Z
- Is the economic assistance necessary for this project?
  o It is necessary to ensure this development goes ahead. The last potential developer was unsuccessful.
  o Though the anchor store and one other tenant has signed on, the other stores still need to be leased.
    There is some risk with the project.
  o The tax abatement will provide incentive to tenants to lease
- The level of assistance
  o This project will increase Clinton’s tax base and increase the property taxes collected
  o They are proposing 100% the first year, 80% the second year, 60% the third year, 40% the fourth year and 20% the fifth year
  o A 5-year phase in of property taxes on assessed value at the mil rate in that year is the appropriate level of assistance given the size and importance of this investment
  o Without the abatement and the development, the Town will have added carrying costs for the old Morgan School building

A motion was made by R. Werner, seconded by R. Juel to recommend to the Town Council that they provide the tax relief requested by Greylock Property Group for this application for the reasons delineated in the report from H. Teskey. The motion carried unanimously.

Old Business:
Clinton Manufacturing Coalition:
- Reviewed the status of the 6 CMC businesses during this COVID-19 pandemic
  o Abbott in Chicago, IL is using Bausch’s Filling and Screw Cap Machine Type 537 to fill and close COVID-19 test kits
- Discussed SBA loans and questioned if there were any impediments
  o Liberty Bank has helped Kenyon International and others with their SBA loans
- J. Olsen is a member of the Advance CT Group
  o This group will figure out how to get CT started
  o If anyone has any ideas, email J. Olsen and he will present them to the Advance CT Group
The meeting was adjourned at 5:28 p.m.

Respectfully submitted, Wendy McDermott, Clerk
Recently, Clinton’s Town manager, Karl Kilduff, received a request from Greylock Development for property tax relief associated with its development of the former Morgan School site. In my view, the memo submitted to the Clinton Economic Development Commission ("EDC"), that describes the project and the property tax relief requested is within the scope of Clinton’s economic incentive policy, and should be considered. This e-mail is my consideration and recommendation of that request.

EDC’s role in Clinton’s incentive process is to review requests and provide a recommendation to the Town Council when the EDC feels a project warrants an economic incentive. An economic incentive package is warranted and EDC recommends the adoption of the incentive when 1) It is in the Town’s best interest to do so and 2) where it appears that such economic assistance is necessary to the project.

Question 1. Is the Greylock development of the former Morgan school site in the Town’s interest?

1) The Development as described and once completed, will be an investment of approximately $40M in Clinton 2020 and 2021. Additionally, there is a possibility of further investments by the developer and tenants at later dates.

2) The positive impact to Clinton (as described in presentations of this project to Clinton’s BOS and PZ commission) are obvious. They include improvements to quality of life, increased commerce, job creation and tax revenues. Moreover, any negative impacts (traffic, environmental, etc...) have been mitigate to the satisfaction of the State of Connecticut and the Clinton Planning and Zoning commission.

Answer: It is my view that the town of Clinton has a strong interest in the Morgan school site development going forward successfully.

Question #2 Is economic assistance necessary to this project?

As we know, the previous developer, after several years of effort and several million dollars invested, was unable to get this project off the ground. It seems this developer is up against at least equal if not more powerful head winds in light of the commercial property market in Connecticut and the national COVID-19 pandemic. Generally, it appears Clinton providing economic assistance to this development is appropriate. But even more specifically, while we know the developer has commitments from some “anchor” tenants (Big Y, Starbucks etc...) they do not have tenants to occupy the remaining parcels. These smaller leases are 5-15 years long and are typically triple net leases (meaning tenants pay their own property taxes, insurance and maintenance). In the request for property tax relief, Greylock has provided the following reason:

**REASON FOR ABATEMENT:** The purpose of the abatement is to control operating income during lease-up and attract tenants. The leases will be structured as net leases so the savings will go to the tenant who are the job creators and allow the development to be competitive. The longest leases will have an initial 15-year term. The shortest lease will have an initial 5-year term. All leases will have built-in extension options. The tax abatement will run concurrent with the shortest term lease.

Answer: It is my view that this developments success depends upon its ability to find additional tenants. Its ability to find tenants will be enhanced with a temporary tax abatement. Therefore, Clinton’s assistance will contribute directly to the viability of this project.
Question #3 What is the appropriate level of assistance

When the Clinton EDC considers such a request, it must ensure that the level of economic assistance is commensurate with the level of investment and benefit to the Town. In this case, the investment by the developer is relatively large ($40M) resulting in a significant benefit to the Town (for the reasons stated above). For this reason alone, a phased-in tax abatement for 5-years seems appropriate. However, notwithstanding the other benefits, a purely financial analysis also concludes the requested incentive is commensurate.

The project will increase the Town of Clinton’s tax base by $28M in assessed value. That will result in approximately $900k in direct property taxes per year (depending upon the mil rate and assessed value in future years). The proposed abatement is 100% in year 1, 80% in year 2, 60% in year 3, 40% in year 4, and 20% in year 5. Over the phase-in period, had this development not occurred, Clinton would collect $0 in taxes. However, if the development occurs, Clinton will collect $2.25M in taxes over the phase-in period. From then on, assuming it is successful, Clinton will collect property taxes $900k per year in perpetuity. This is an excellent financial result for Clinton.

Answer: A 5-year phase in of property taxes on assessed value at the mil rate in that year is the appropriate level of assistance given the size and importance of this investment.

It is my opinion that the EDC should recommend that the Town Council provide the tax relief requested in this application.