

**TOWN OF CROMWELL
TOWN COUNCIL
TOWN HALL COUNCIL CHAMBERS
41 WEST STREET, CROMWELL, CT 06416**

SPECIAL MEETING AGENDA
Tuesday, October 17, 2023 at 5:00 p.m.

- A. CALL TO ORDER**
- B. CITIZEN COMMENTS** *(limited to 2 minutes per speaker, please be respectful)*
- C. NEW BUSINESS**
 - 1. Discussion and Possible Action regarding 100 Berlin Road Tax Abatement
- D. ADJOURN**

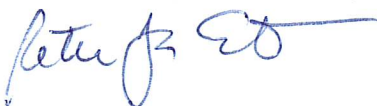
CROMWELL TOWN COUNCIL -EXECUTIVE SUMMARY OF ATTACHMENTS

In re: 100 Berlin Road

Summary of critical points supported by the submission of materials that follow.

1. The opportunity to redevelop the long-suffering "Lord Cromwell" is now in its final stage of preparation to be ready for execution. From the beginning of the planning of its redevelopment, a plan for meaningful tax abatement, coupled with the creation of affordable housing, has been an integral part of the financial analysis for this extensive project.
2. The condition of the property, with its deterioration and environmental impediments, imposes far greater costs on the developer than the "usual" ground up development. The capital demands at the commencement of sitework to bring this project to a developable state are far greater than any typical project. It is estimated that the cost of this initial activity to bring the site to a developable condition is more than \$4,000,000. There is no alternative for any developer except to invest in this extraordinary cost at the outset.
3. The tax abatement request is an integral, fundamental element to the financial underpinning of this project. The proposal is very similar to tax abatement programs that Lexington Partners has entered into with the Town of West Hartford and the Town of Wethersfield. It is consistent with the intentions of the State legislature in enacting tax abatement statutory provision and offers the opportunity for a community to partner with a developer who offers a beneficial development to a community. Only by way of a public/private partnership can a project of this magnitude be undertaken.
4. A redevelopment project of the scope and scale of the mixed-use development at 100 Berlin Road can become an economic engine for a community. Jobs are created, new customers are brought to the commercial community surrounding the development, new residents bring new energy and a new tax basis (personal property, motor vehicles) to the community and surrounding properties are more likely to be stimulated to improve their appearance and commitment to the community.
5. The provision of the tax abatement agreement makes it possible for Lexington Partners to create an element of 21 affordable housing within this community. The workforce units will be of the same quality and finish as market rate units while providing an opportunity for people who otherwise would be unable to afford to be a part of this new community.

Prepared by Peter Jay Alter, Attorney for Lexington Partners



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October 13, 2023

Via Hand-Delivery

Cromwell Town Council
c/o Stuart Popper, Director of Planning and Development
Town of Cromwell Town Hall
41 West Street
Cromwell, CT 06416

Ladies/Gentlemen:

Please be advised that this firm represents the developer/owner of 100 Berlin Road, formerly the Lord Cromwell Inn and most recently, The Red Lion Inn. Lexington Partners, LLC, has presented plans to the Town of Cromwell that, when implemented, will completely redevelop the Site with commercial uses, multi-family housing units, including workforce housing, and single-family condominium style town homes. The scope and expense of this project is significant, principally due to the current conditions existing on the Site and the challenges of redevelopment.

A developer of a site that is encumbered with obsolete/derelict buildings, environmental impairment issues, and deteriorated structures due to neglect and abandonment faces many unique economic and physical challenges not found in the development of a project that is proposed on previously undeveloped property. Simply stated, without the support and cooperation of the Town of Cromwell, this expensive undertaking cannot be financially viable. The developer faces many compounded costs at the outset of this project, that a normal development does not face. This project will require the expenditure of millions of dollars just to bring the site to a developable condition. Lexington Partners has brought forward an expansive, forward-looking plan of development that brings a new mixed-use development to a very important site in Cromwell.

Lexington Partners consultant, Goman & York, has prepared an extensive analysis of the economic impact and challenges of this development which is attached hereto for the Commission's consideration. There are a few matters regarding additional information and clarification that we think will be helpful to the Commission in their review.

First, Lexington Partners requests that during construction, which is estimated to be two years in duration, the property (land and buildings) be assessed and taxed on the basis of the value of the land only. A tax appeal is currently pending, in as much as the town has continued to assess the property as if it were still

Cromwell Town Council
c/o Stuart Popper, Director of Planning and Development
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a fully operating hotel/convention center – which it is not. The developer seeks approval of the settlement of the pending tax appeals that will resolve the pending appeals in a cooperative, non-adversarial manner. During the period of demolition and construction, the taxes on the property will be at a fixed amount based on an assessment of the land only after demolition. During construction and before the project is completely built out, any part of the development for which a Certificate of Occupancy is issued will be assessed and taxed as any other property in Cromwell, with a concomitant reduction in the prior fixed tax amount. The individual homes to be built nearest Christian Hill Road will not be a part of this agreement but will be assessed and taxed in the normal course of the town's assessment process as Certificates of Occupancy for each of the homes is issued.

In accordance with the provisions of Connecticut General Statutes 12-65b, the town council has the legal authority to fix the assessment of a qualifying project (land and buildings) for a period of up to ten years. In this development a fixed assessment for the full ten-year tax abatement period is the only way in which the project can be economically viable. Without this active financial assistance from the Town of Cromwell, the project cannot be financed and cannot be constructed. The ten-year abatement plan would commence upon the issuance of the final multi-family building certificate of occupancy. A table of the fixed assessment schedule for the ten-year abatement period has been provided as part of the submitted materials.

In addition to the extraordinary development costs caused by the current condition of the property, the developer has committed to the Cromwell Planning and Zoning Commission that if the tax abatement agreement is approved by the Town Council, then the developer will be in a position to provide an affordable housing element within the multi-family buildings to be constructed. The financial ability for the developer to make such a commitment rests in its ability to secure a tax abatement agreement with the town. The ten-year tax abatement agreement will allow the developer to inject the capital needed at the outset to create a developable site with enough time to recover the initial costs not typically associated with such a development and to bring the affordable units online.

Cromwell Town Council
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The project and proposed tax abatement were presented to the Economic Development Commission and received a unanimous recommendation for approval. The EDC recognized the importance of bringing a high-end, high-quality project to what has been for many years a distressed property. It was clear to the Commission that this redevelopment at this end of the Berlin Road corridor could serve as an impetus for further high-quality development within the corridor.

We look forward to discussing the cooperative resolution of the tax appeal, the development plan and the proposal for tax abatement consideration with the members of the Town Council. Thank you for your time and consideration.

Yours truly,

A handwritten signature in blue ink, appearing to read "Peter Jay Alter", is written over the typed name.

Peter Jay Alter, Attorney for Lexington Partners, LLC

Exhibit A

APPLICATION REQUIREMENTS AND PROCEDURES:

Required Supporting Documentation

Applications should include where appropriate the following:

1. Letter requesting consideration for Program.
Letter is attached.
2. Name and current address of the company to operate the business.
**Lex-Laz Cromwell MM, LLC
c/o Lexington Partners, 755 Main Street, Suite 1245, Hartford, CT 06103**
3. Name, address and principals of entity that will own the real property.
**Lex-Laz Cromwell MM, LLC
c/o Lexington Partners, 755 Main Street, Suite 1245, Hartford, CT 06103
and
M360 Berlin Land Holdings, LLC
999 Corporate Drive, Ladera Ranch, CA 92694**

**Principals: Lexington Partners
Alan Lazowski, Laz Parking
Chris Reilly, Lexington Partners
Ken Kramer, M360 Advisors
John Maute, M360 Advisors**
4. Financial information on the Operating Business (3 years if possible).
This is a new entity and new development for which there is no operational history.

5. Narrative on the Business describing products or services to be produced or provided. This should include current and future number of employees as well as any plans for future growth.

The project contemplates the redevelopment of the entire site at 100 Berlin Road to create 30,000 square feet of commercial business rentals, 254 multi-family units consisting of studio, one-bedroom, two-bedroom and three-bedroom rental units together with a robust amenity building; and twenty condominium townhomes to be offered for sale. In accordance with the projections of Goman-York there can be 157 new full-time jobs (see page 5 of the report.)

6. Listing of Chief Officers of the Business and a brief description of their background.

Chris Reilly Lexington Partners

Alan Lazowski, Laz Parking

Mr. Reilly, Mr. Lazowski and the Kenny family have been partners in numerous developments of commercial, residential and mixed-use projects in the Greater Hartford Area. By way of example, The Tannery in Glastonbury (250 Apartments and a restaurant); The Borden in Wethersfield (180 apartments, professional offices, restaurant and retail spaces); One Park, West Hartford, (multi-family development in progress).

Ken Kraemer, M360 Advisors

John Maute, M360 Advisors

John Maute serves as the CEO of M360 Advisors and is on the Investment Committee for M360 CRE Income Fund LP and is actively involved in investment decisions and loan surveillance. Mr. Maute provided seed capital for M360 CRE Income Fund LP as one of its earliest investors. With more than 30 years of real estate experience, John previously served as senior managing director at Situs Holdings (formerly Helios AMC), prior to its sale to Stone Point Capital. He co-founded Helios AMC, a nationally rated special servicing company, which he grew to more than \$4 billion in assets under management. John also held senior positions at GMAC Commercial Mortgage where he built, bought and grew six distressed commercial real estate investment companies in five countries. An expert in developing best-practice operational controls, John has been instrumental in helping Money360 to institutionalize its back-end operations.

Ken Kraemer is a Senior manager with 25+ years of experience in banking, construction and real estate investment and management.

7. Schedule for construction.

This total redevelopment project will initially require the time and investment in the environmental remediation of the site and then the demolition of the of the hotel/convention center, along with the reconstruction and renovation of the parking facility. This effort, along with the overall site preparation following demolition and then the construction of the approved project is estimated to take two (2) years from inception. Commencement of the first stage of activities is planned for Spring, 2024.

8. Number of jobs created.

Facility employment (total). Projected by Goman-York to be 150 + new full-time jobs. Facility Payroll (total)- Projected by Goman-York to be \$483,997.00 annually after stabilization.

9. Circumstances, which would justify approval of the Tax Assessment reduction.

The initial costs of this project are substantially greater than the typical initial costs of a project due to the existing conditions found at the property. The site is not a site that is ready to accept development. Environmental remediation of lead, asbestos, PCBs, and mold is a first critical step and this environmental impairment is widespread and substantial. Cost estimates range to more than \$1 Million. The demolition cost to take down the existing building is estimated at \$2.4 Million. Before the new construction can occur, the developer will have already committed more than \$4.5 Million to the project along with the land cost of \$3.2 Million. These costs, including soft costs of approval and financing of the project, are not readily financeable but require the input of substantial equity at the outset of the project. This site is a critical element of the Cromwell commercial corridor and provides a needed inventory of high-end multi-family rental housing and high-end housing for sale. This project can only become economically viable if the Town of Cromwell is willing to become a partner with the developer through a cooperative financial package of reduced WPCA charges, a Tax Incentive Program in accordance with CGS 12-65b, and consideration with respect to building permit fees. Part of the benefit to the community in addition to ending the blighted condition of this iconic property is the providing of 10% affordable workforce housing at 80% AMI for a period of ten years from the issuance of the final Certificate of Occupancy for the multi-family housing. The 10% of affordable units will be proportionately spread across the differing types of units and will be managed by Lexington Partners, with reporting to the Town of Cromwell on an annual basis.

10. Construction Cost:

a. Land Cost, \$3,200,000

- b. Building Costs. \$75,000,000 (e)**
- c. Construction Payroll. Unknown at present**
- d. New Furniture and Equipment. Unknown at present**

11. Operating Cost:

- a. Annual Sales by the Facility in the Jurisdiction.**
Gross potential rent projected by Goman-York : \$9,600,000 (e)
- b. Annual Facility Purchases of Operating items subject to sales tax.**
Unknown.

12. Amount of Facility Purchases from local wholesalers.

Unknown

13. Amount of Facility Purchases from local service firms.

Unknown

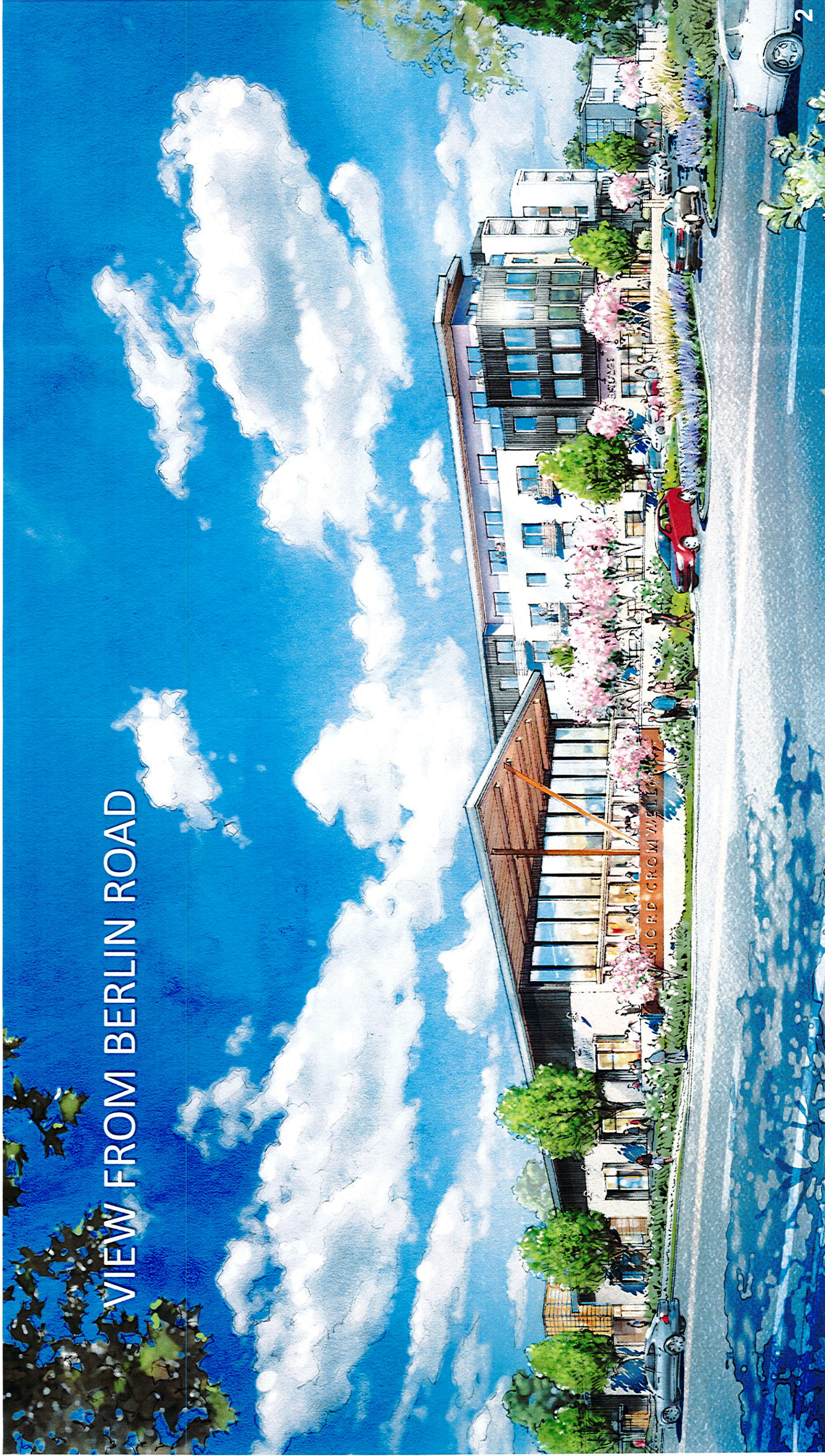
14. Amount of Facility Purchases from local manufacturers. (include SIC codes)

Unknown

AERIAL VIEW



VIEW FROM BERLIN ROAD



VIEW OF APARTMENTS





100 Berlin Road
Cromwell, CT

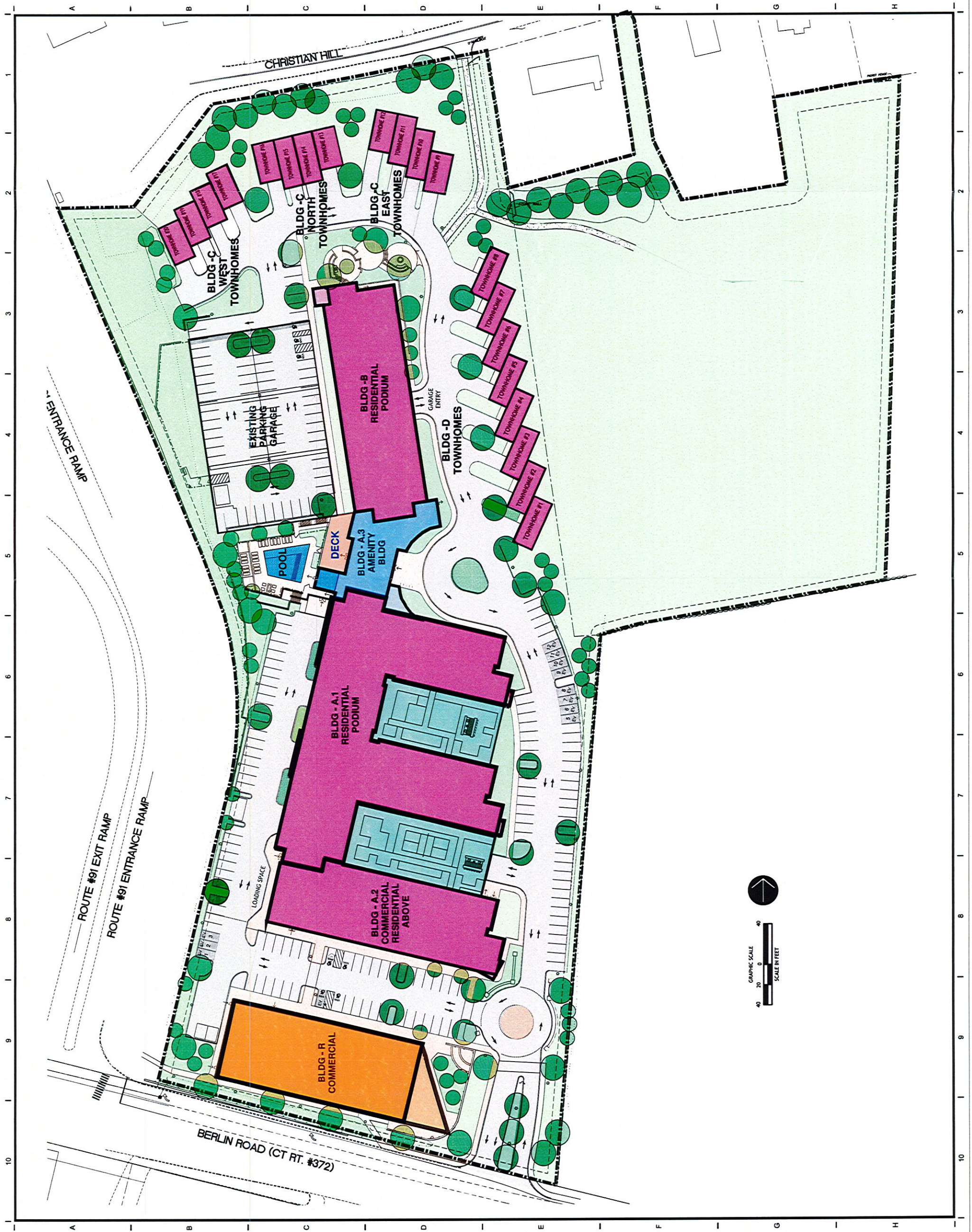
NOT FOR CONSTRUCTION

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Project Manager;	PM	Project Not Project Number
Project Architect;	PA	Production Leader; P _L
Project Designer;	ID	Peer Reviewer; PR

Drawing Number

A0.01



Fiscal and Economic Impact Study: 100 Berlin Road Development

100 Berlin Road | Cromwell, CT



Prepared for Lexington Partners, LLC

August 2023

GOMAN
+YORK
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Executive Summary

GOMAN+YORK

Executive Summary

Conclusions and Recommendations

The proposal before the Town of Cromwell is for the redevelopment of the Red Lion property at 100 Berlin Road. The proposed Mixed-Use Development includes 254 Multi-Family Apartments, 20 Town Homes, 28,500 sq ft of Commercial Space, with related parking and site improvements. The focus of this application is to redevelop the vacant hotel site creating a vibrant mixed-use development.

The objective of this report is to provide the Town of Cromwell with a detailed municipal fiscal and economic impact analysis, along with a financial analysis of the proposed development to determine whether a structured tax abatement or a structured tax fixing agreement is required to produce returns conducive to attract equity investment. This report demonstrates that the proposed Mixed-Use Development will require a tax abatement or fixing structure to achieve the returns required to attract investment while still creating breakeven or net positive tax revenue to the town throughout the 10-year period. In turn, the proposed tax abatement or fixing structure does not create a fiscal burden on municipal services. Furthermore, the mixed-use development will create and/or sustain 155 temporary construction jobs, 111 permanent jobs, and generate \$2,859,135 in new consumer spending at local businesses.

Return on Investment – Without Tax Abatement

- 7.1% project IRR and 11.8% equity IRR (Developer Assumptions)
- 6.9% project IRR and 12.1% equity IRR (Goman+York Assumptions)

Return on Investment – With Recommended Tax Abatement Agreement

- 7.7% project IRR and 13.8% IRR on Equity (Developer Assumptions)
- 7.5% project IRR and 14.4% IRR on Equity (Goman+York Assumptions)

Return on Investment – With Recommended Assessment Fixing Agreement

- 7.4% project IRR and 12.8% IRR on Equity (Developer Assumptions)
- 7.3% project IRR and 13.3% IRR on Equity (Goman+York Assumptions)

Proposed Tax Abatement Structure

- **Construction Years 1&2:** Fixed at the Current Assessed Value
- **Operating Years 1-2:** 100% Abatement with a floor = to current assessed value
- **Operating Years 3-10:** 10% Step-Down each Year
 - Starting with 90% in Year 3
 - Ending with 20% in Year 10

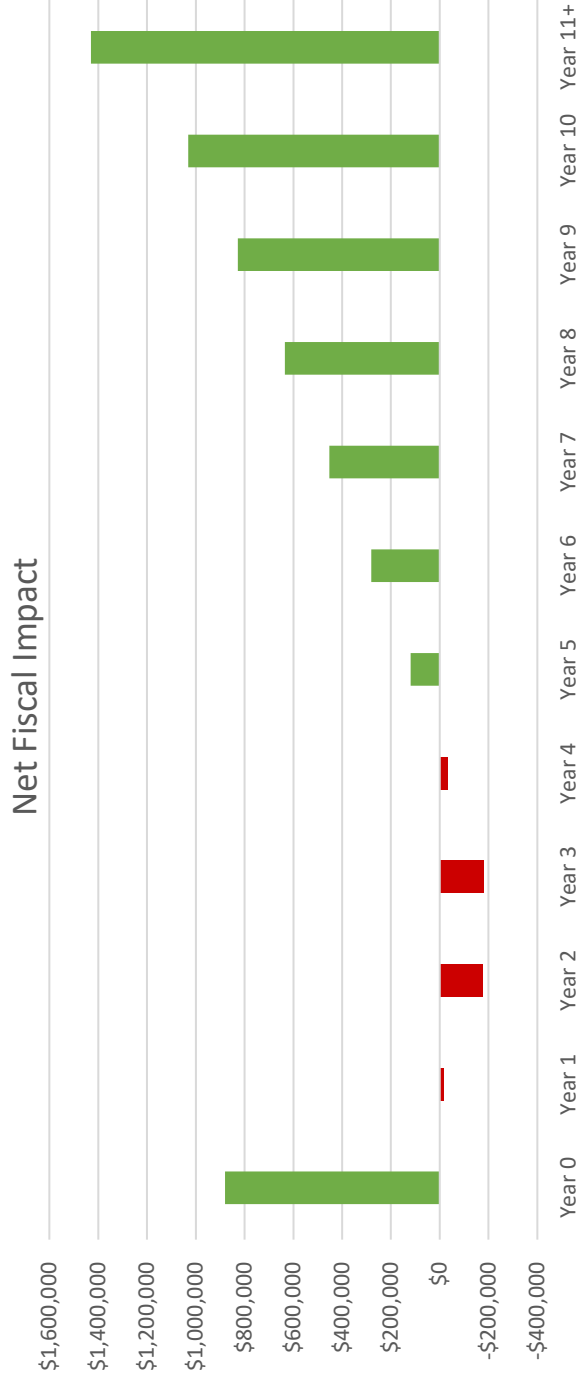
Proposed Assessment Fixing Structure

- **Operating Years 1-10:** \$26,672,667 Assessment



Executive Summary

Municipal Fiscal Impact of Tax Abatement



Net Fiscal Impact

This graph indicates that the town will continue to receive at minimum the baseline tax equal to the current assessed value throughout the 10-Year period. Revenue for the fiscally negative Years 1-4 (-\$405,125) will be recaptured through the approximately \$880,000 in one-time revenue from the building permitting fees.

When the tax abatement expires in Year 11, 100 Berlin Road is projected to be net positive by approximately \$1,429,476.

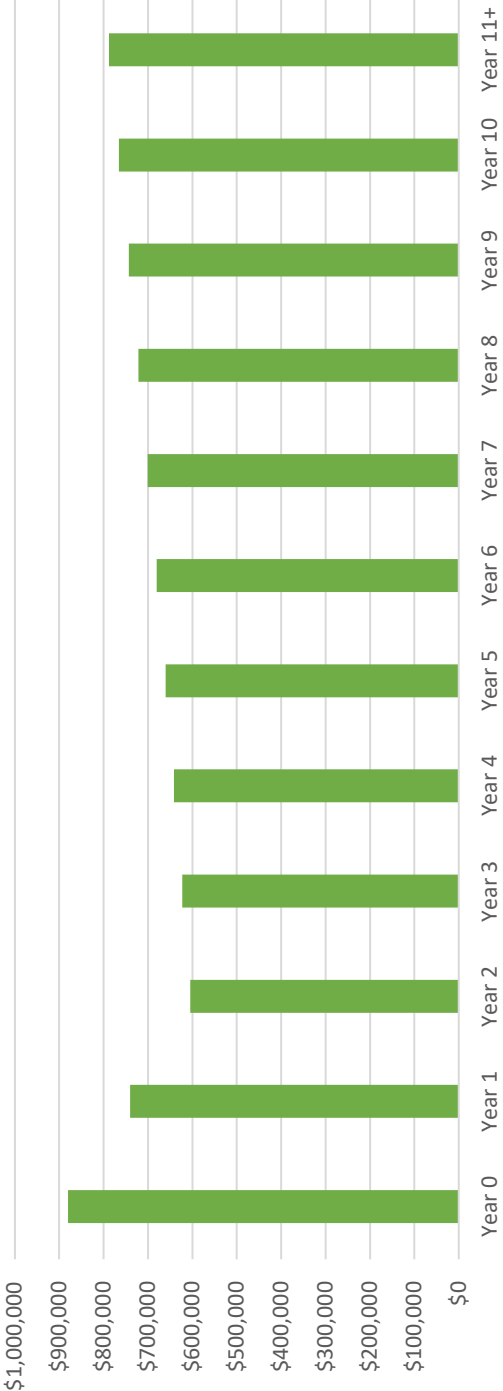
Detailed Fiscal Impact Analysis of Proposed 10-Year Tax Abatement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+
Revenue											
% Tax Abatement	100	100	90	80	70	60	50	40	30	20	0
Real Property	\$135,318	\$139,378	\$145,222	\$299,156	\$462,196	\$634,750	\$817,240	\$1,010,109	\$1,213,814	\$1,428,833	\$1,839,623
Personal Property	\$43,201	\$88,994	\$91,664	\$94,414	\$97,246	\$100,164	\$103,169	\$106,264	\$109,451	\$112,735	\$116,117
Total	\$178,519	\$228,372	\$236,886	\$393,570	\$559,442	\$734,914	\$920,409	\$1,116,373	\$1,323,265	\$1,541,568	\$1,955,740
Expenditures											
Residential Gov. Serv.	\$	87,500 \$	180,250 \$	185,658 \$	191,227 \$	196,964 \$	202,873 \$	215,228 \$	221,685 \$	228,335 \$	235,185
Residential BOE	\$	108,295 \$	223,088 \$	229,780 \$	243,774 \$	251,087 \$	258,620 \$	266,378 \$	274,370 \$	282,601 \$	291,079
Total	\$195,795	\$403,338	\$415,438	\$427,901	\$440,738	\$453,960	\$467,579	\$481,606	\$496,054	\$510,936	\$526,264
Net Fiscal Impact	-\$17,276	-\$174,966	-\$178,552	-\$34,331	\$118,704	\$280,953	\$452,830	\$634,766	\$827,211	\$1,030,632	\$1,429,476

Executive Summary

Municipal Fiscal Impact of Fixed Assessment

Net Fiscal Impact



Net Fiscal Impact

This graph indicates that the town will continue to receive at minimum the baseline tax equal to the current assessed value throughout the 10-Year period. The town will collect approximately \$880,000 in one-time revenue from the building permitting fees and is projected to be fiscally positive throughout the Assessment Fixing Agreement.

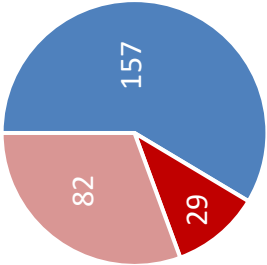
When the assessment fixing expires in Year 11, 100 Berlin Road is projected to be net positive by approximately \$788,095.

Detailed Fiscal Impact Analysis of Proposed 10-Year Tax Fixing Agreement											
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+
Fixed Assessment	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667
Residential	\$889,000	\$915,670	\$943,140	\$971,434	\$1,000,577	\$1,030,595	\$1,061,512	\$1,093,358	\$1,126,159	\$1,159,943	\$1,194,742
Personal Property	\$43,201	\$88,994	\$91,664	\$94,414	\$97,246	\$100,164	\$103,169	\$106,264	\$109,451	\$112,735	\$116,117
Total	\$932,201	\$1,004,664	\$1,034,804	\$1,065,848	\$1,097,824	\$1,130,758	\$1,164,681	\$1,199,621	\$1,235,610	\$1,272,678	\$1,310,859
Expenditures											
Residential Gov. Serv.	\$87,500	\$180,250	\$185,658	\$191,227	\$196,964	\$202,873	\$208,959	\$215,228	\$221,685	\$228,335	\$235,185
Residential BOE	\$108,295	\$223,088	\$229,780	\$236,674	\$243,774	\$251,087	\$258,620	\$266,378	\$274,370	\$282,601	\$291,079
Total	\$195,795	\$403,338	\$415,438	\$427,901	\$440,738	\$453,960	\$467,579	\$481,606	\$496,054	\$510,936	\$526,264
Net Fiscal Impact	\$736,406	\$601,326	\$619,366	\$637,947	\$657,086	\$676,798	\$697,102	\$718,015	\$739,556	\$761,742	\$784,595

Executive Summary

Economic Impact

New Jobs (FTE)

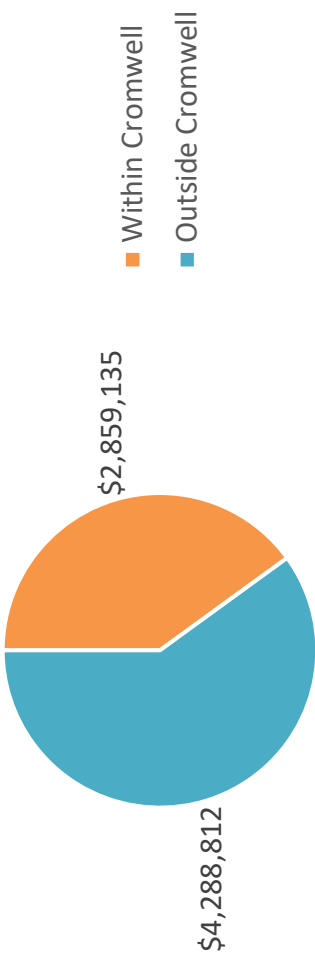


- Construction
- Permanent - Community
- Permanent - On-Site



Total FTE jobs created directly from development:	157
New, permanent, FTE jobs created <u>on-site</u> and in <u>surrounding area</u> :	111

Annual Consumer Spending of New Residents



Assignment & Project Overview

GOMAN+YORK

The Assignment

100 Berlin Road/ Cromwell, CT

Goman+York was engaged to provide a preliminary analysis to determine the municipal fiscal and economic impact of the proposed development to the Town of Cromwell. This analysis also considers the costs and benefits to the Town of Cromwell related to the potential provision of a real property tax abatement for the proposed development of 100 Berlin Road.

Our analysis includes:

1. A detailed economic impact analysis of the proposed development,
2. A detailed municipal fiscal analysis of the proposed development,
3. A review of the Pro Forma Development Costs and any related information, as provided by the developer,
4. A review of the Pro Forma Operating Statement for the completed project, as provided by the developer,
5. A valuation analysis of the completed project, based upon the available information, and
6. Estimating the impacts of a tax abatement to project feasibility.

Professional Team



Mike Goman
CRX, CLS, CSM
Principal



Don Poland
SVP, Planning &
Strategy



Brad Senft
SVP & Managing
Director



David Correia
Director, Research
& Analytics



Lars Olson
Research & Data
Analyst



Alyssa Fleming
Research & Data
Analyst



Development Proposal

Source: *Lexington Partners LLC; Tecton Architects*

Key Facts

- 22-acre property
- Four-story proposed development
- 236,900 SF new residential construction
- 254 apartment units
- 20 townhouse condo units
- 28,500 SF of restaurant and retail space
- 30,950 SF of parking space
- 481 parking spaces, retaining existing parking structure

Unit Mix

- 18% (50 units) studio units
- 50% (136 units) one-bedroom units
- 26% (70 units) two-bedroom units
- 7% (18 units) three-bedroom units
- 5% (13 units) affordable housing



Conceptual Renderings of the Completed Redevelopment

Source: Lexington Partners LLC; Tecton Architects



Review of Developer Proposal

GOMAN+YORK

Why is Public Participation Necessary?



Real estate developments must achieve high returns to be attractive to investors.

- Typical desired Return on Investment (ROI) = 12 – 18%
- Public incentives such as tax abatements are often necessary to achieve the returns required to attract the required equity capital; otherwise, the project may not get built



The higher return on Investment:

- Reflects the risks of real estate development vs. alternative investments
- Is a common issue in older urban markets, smaller cities, particularly in the Northeast
- Required returns vary by the conditions of the market:
 - growth and affluence
 - urban vs. suburban

Review of Developer Proposal

Pro forma Development Costs

In analyzing the necessity of a tax abatement or tax fixing agreement for the proposed project, Goman+York examined the expected valuation and projected returns.

The developer's proposal included development costs and projected operating incomes. Goman+York produced two prospective financial pro forma models; one applying the numbers provided by the developer and another utilizing Goman+York's total cost expectations. Each model includes a detailed development cost structure and a 10-year operating timeline.

Based on our research, the developer's land & site costs were deemed reasonable. The developer's construction costs were also found to be reasonable and were used in Goman+York's model, with minor changes. However, financing and leasing costs differed moderately with Goman+York estimating lower financing costs due to the assumption of a lower construction loan principal amount. This assumption was made in order to be fiscally positive at the time of refinancing to the permanent loan at the end of the 32-month construction period. Overall, the costs of the two models are similar.

Lexington Development Costs	\$	\$/Unit	\$/SF	% Total
Land & Site Costs	\$9,786,040	\$38,528	\$34.55	8.7%
Construction Costs	\$75,699,051	\$298,028	\$267.25	67.0%
Soft Costs	\$7,343,481	\$28,911	\$25.93	6.5%
Financing & Leasing Costs	\$15,786,589	\$62,152	\$55.73	14.0%
Developer Fees	\$4,317,562	\$16,998	\$15.24	3.8%
Total Development Cost	\$112,932,723	\$444,617	\$398.70	100.0%

Goman+York Development Costs	\$	\$/Unit	\$/SF	% Total
Land & Site Costs	\$10,388,877	\$40,901	\$36.68	9.6%
Construction Costs	\$74,079,575	\$291,652	\$261.53	68.5%
Soft Costs	\$6,880,355	\$27,088	\$24.29	6.4%
Financing & Leasing Costs	\$12,429,186	\$48,934	\$43.88	11.5%
Developer Fees	\$4,317,562	\$16,998	\$15.24	4.0%
Total Development Cost	\$108,095,556	\$425,573	\$381.63	100.0%

Review of Developer Proposal

Pro forma Operating Statement

Assumptions Without a Tax Abatement

Goman+York compared the residential rents provided by the developer against current and projected rates for the market. Considering the prevalence of studios and 1 bedrooms, the developer provided average rent of \$2.98 per square foot per month, which was deemed reasonable.

Without the tax abatement, the stabilized operating statement shows an overall Net Operating Income (NOI) of approximately \$5.03 million. This provides a current day valuation of approximately \$114.86 million, which is nearly equivalent to the overall cost of the project.

Over a 10-year holding period with no tax abatements, Goman+York calculated the estimated returns to be:

- 7.1% project IRR and 11.8% IRR on Equity (Developer Assumptions)
- 6.9% project IRR and 12.1% IRR on Equity (Goman+York Assumptions)

Calculating the Need for a Tax Abatement

When examining the project over a 10-year holding period with the proposed tax abatement structure, Goman+York calculated:

- 7.7% project IRR and 13.8% IRR on Equity (Developer Assumptions)
- 7.5% project IRR and 14.4% IRR on Equity (Goman+York Assumptions)

Operating Statement - Developer

Stabilized Operating Income	\$	\$/Unit
Gross Potential Rent	\$9,925,999	\$39,079
Residential Income	\$7,547,943	\$29,716
Other Income	\$202,306	\$796
HOA - Townhomes	\$180,000	\$750
Commercial Income	\$1,874,056	N/A
Fee Parking Revenue	\$504,000	N/A
(Affordable Housing Adjustment	(\$95,859)	(\$377)
(Vacancy/Bad Debt)	\$ (602,944)	(\$2,374)
Effective Gross Revenue	\$9,609,503	\$37,833
Stabilized Operating Expenses	\$	\$/Unit
Payroll	\$483,997	\$1,906
Utilities & Trash	\$254,000	\$1,000
Maintenance & repair	\$482,600	\$1,900
Marketing	\$78,486	\$309
Administration	\$130,810	\$515
Insurance	\$130,810	\$515
Real estate taxes	\$1,300,203	\$5,119
PACE Assessment	\$1,502,130	\$5,914
Management fee	\$211,662	\$833
Total Operating Expenses	\$4,574,698	\$18,011
Net Operating Income	\$5,034,805	
Return on Cost	4.5%	

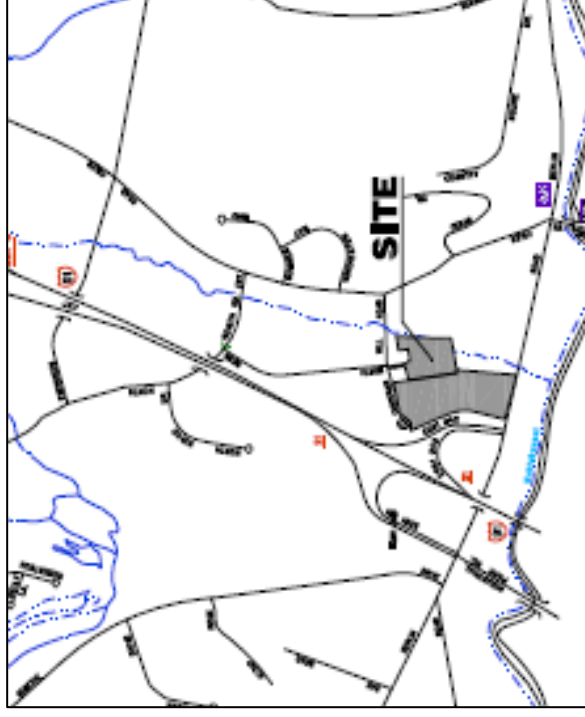
Review of Developer Proposal

Proposed Tax Abatement Schedule

Required Returns

Pre-Covid projects typically required a return of 12% - 18% to be built. Given the volatility of the real estate market Post-Covid, we have observed in tertiary markets like Connecticut, equity investors are requiring minimum returns of 14-15%.

The tax abatement structure proposed in this report allows the projected equity returns to clear the 14% threshold.

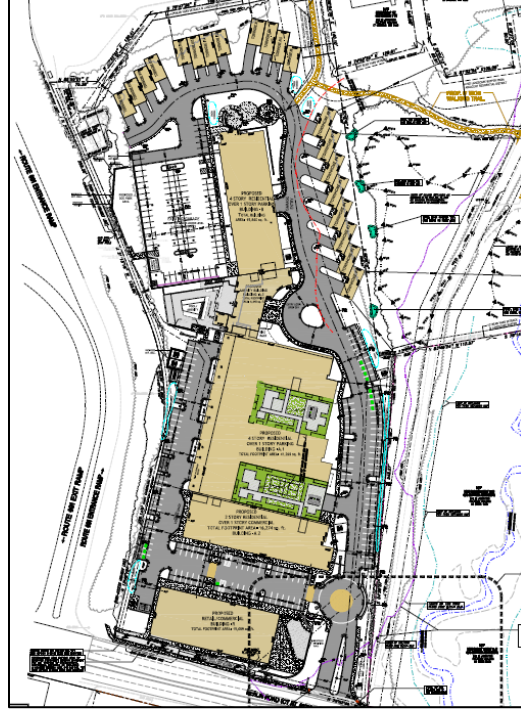


Year	Const. Year 1	Const. Year 2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Tax Abatement	Current Rate	Current Rate	100%	100%	90%	80%	70%	60%	50%	40%	30%	20%
Tax Revenue	\$ 127,551	\$ 131,377	\$ 135,318	\$ 139,378	\$ 145,222	\$ 299,156	\$ 462,196	\$ 634,750	\$ 817,240	\$ 1,010,109	\$ 1,213,814	\$ 1,428,833

Proposed Tax Abatement Structure

Given the current market volatility, amplified in tertiary markets Post-Covid, Goman+York applied a tax abatement structure of:

- **Construction Years 1-2:** Fixed at the Current Assessed Value
- **Operating Years 1-2:** 100% Tax Abatement
- **Operating Years 3 -10:** 10% Step-Down each Year
 - Starting with 90% in Year 3
 - Ending with 20% in Year 10



The background features two large, curved, overlapping shapes. The top shape is dark grey, and the bottom shape is a lighter grey, creating a layered effect. The text is centered within the lighter grey area.

Economic Impact Analysis

GOMAN+YORK

Economic Impact Analysis

Methodology

Assumptions - Construction and Permanent Jobs Impact:

To estimate construction jobs created (and/or sustained) by residential development (construction) we use two Methods. First, we use estimates (a multiplier) derived from the National Association of Homebuilders (2015) study on the local economic impact of multi-family housing development. Second, we use a multiplier of 4.2 labor hours per \$1,000 of total construction cost (total project cost less the soft costs).

- **Calculation:** construction cost multiplied by labor hours of 4.2 hours per \$1,000 construction cost and divided by 2,000 hours (average full-time hours worked per year) equals the total number of construction jobs created and/or sustained. For example, if the construction costs are estimated at \$10,000,000 x 4.2 (labor hour multiplier) = \$42,000,000 / 1,000 (per \$1,000 construction cost) = 42,000 hours / 2,000 (full-time employment hours) = 21 jobs.

We then evaluate the results of both methods and estimate what we believe to be a reasonable estimate of construction jobs based on the two methods and our experience.

To estimate permanent jobs created (and/or sustained) by residential development we also derived multipliers from the National Association of Homebuilders (2015) study on the local economic impact of multi-family housing development and industry standards for employee per square foot for commercial space. We compare these findings to our calculations of local consumer spending in the community by the residents and estimate the permanent jobs.

Assumptions - Consumer Spending and Local Area Impact:

- **Household Income:** Renter Median Household Income for Cromwell (Source: US Census) adjusted by Goman+York for the housing product and price point. Our adjusted gross household income (AGHI) is \$55,360. We use this conservative estimate rather than the actual median gross household income (MGHI) of \$107,374 because renter households tend to be less affluent than homeowners. Additionally, our assumptions do not explicitly account for 5% of the units (13) being restricted as affordable and only available to households with incomes below 80% of median area incomes. The eligible affordable households are implicitly accounted for in our \$74,000 AGHI since it is less than the 80% AMI (\$79,800) income required to qualify for the affordable units.
- **Disposable Income (Spending Power):** We calculate disposable income based on a 21.8% average effective income tax rate (9.7% federal income, 4.7% CT income, 7.7% FICA). Therefore, a renter household making \$55,360 a year would have **\$43,479** in discretionary spending (minus 21.8% of tax rate). We assume 60% disposable income for a total of **\$26,087** per household.
- **Disposable Income – Local Share Spending:** Using the 40% of household disposable income, we allocate **\$17,316** of disposable household income to local (in Cromwell) spending.

Economic Impact Analysis

Multipliers & Calculations

Construction Jobs

To calculate the construction jobs created by the proposed 274 residential units, 31,000 square feet of commercial space, and the related parking and site improvements, we start by using the findings of a study by the National Association of Home Builders that found the construction of 100 multi-family units creates 165 construction jobs (or 1.65 jobs per unit). Multiplied by 1.65 jobs per unit, the 274 residential units, the findings of the NAHB study would estimate 452 construction jobs created. However, the NAHB study utilizes an approach that includes all the jobs in the commodity chain of the building materials and transportation of materials to the site, in addition to the on-site construction jobs. Therefore, and next, we compare the construction jobs estimated by the NAHB findings to the labor hour and construction cost multipliers and provide an estimate based on our experience.

Per our estimates, the hard costs for the residential and commercial construction are approximately \$75,000,000. The calculation, total hard construction costs of \$75,000,000 x 4.2 (labor hour multiplier) = 315,000,000 / \$1,000 (per \$1,000 of construction cost) = 315,000 hours / 2,000 (1-year full-time employment hours) = 157 full-time equivalent (FTE) construction jobs to be created and/or sustained during the construction period of the mixed-use development. Being conservative in our work, we project that **157 FTE construction jobs** will be created (and/or sustained).

Permanent Jobs

To calculate the permanent jobs created by the proposed development we use a variety of industry sources and methods, including the Department of Labor, Bureau of Labor Statistics, Occupational Employment and Wage Statistics Survey (2020) for Connecticut. For the residential apartments, we do not expect more than two direct full-time on-site jobs. However, the

NAHB study found that 100 newly constructed apartments create and/or sustain approximately 50 jobs in year two (and beyond). These jobs would include facilities management and maintenance (e.g., landscaping, HVAC service, etc.) and the spillover of consumer spending into surrounding businesses from the new residents—that consumer spending creating (and/or sustaining) jobs in the community. For example, the 50 jobs NAHB per 100 units equals 137 jobs created by the 274 units. However, based on our experience and the calculations on consumer spending in the community (see below), we conservatively estimate in year two and beyond, approximately **29 jobs** will be created (and/or sustained) from the 274 residential units in the surrounding area. This conservative estimate is in part the result of a high percentage of studio and one-bedroom units that effectively result in small household size, lower household income, less disposable income, and less local spending power.

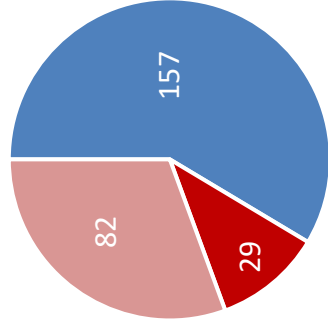
For on-site job creation, using industry standards for employees per square feet of space, as shown in the table. We estimate that a total of 117 jobs will be created onsite from the commercial space. Recognizing that a portion of the retail and restaurant jobs will be part-time, therefore we estimate 117 jobs will total **82 full time equivalent (FTE) jobs onsite**.

Use	Employment Metrics	Sq. Ft. & Jobs
Medical Office	1 person/275 sq. ft.	16,000 = 58
Retail	1 person/ 400 sq. ft.	9,000 = 22
Restaurant - Full Service	1 person/ 150 sq. ft.	4,000 = 26
Restaurant - Casual	1 person/ 225 sq. ft.	2,000 = 9
Residential Apartments	-	2
	Total Jobs	117

Economic Impact Analysis

Job Creation Estimates

New Jobs (FTE)



- Construction
- Permanent - Community
- Permanent - On-Site



Total FTE jobs created directly from development:

157

New, permanent, FTE jobs created on-site and in surrounding area:

111

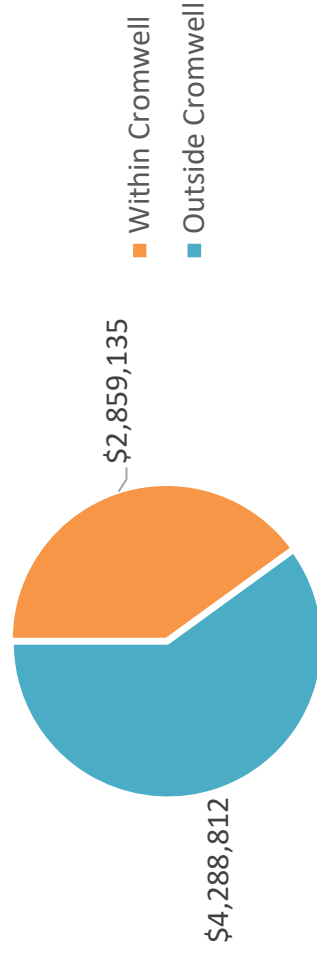
Economic Impact Analysis

Disposable Income & Consumer Spending

To estimate the consumer spending impact of new housing, we utilize the assumptions on household income, disposable income (spending power), and disposable income (local share spending). Based on these assumptions, we estimate that each renter household will earn approximately \$55,360 per year and have approximately \$43,479 in discretionary income and \$26,087 in disposable income. That totals to \$7,147,947 in discretionary spending for the 274 households in a single year.

Recognizing that our lives and consumer spending habits stretch across municipal borders, we assume and estimate that only 40% of household discretionary spending will be spent in the local community (within Cromwell). Therefore, we estimate and anticipate that local discretionary spending will be approximately \$10,434 per household, totaling approximately \$2,859,135 in consumer spending per year at local businesses.

Annual Consumer Spending
of New Residents





Fiscal Impact Analysis

GOMAN+YORK

Fiscal Impact Analysis

Revenues from Increased Property Taxes

Conservatively, the appraised value of the property will increase from \$7,149,700 to approximately \$8,670,950 and the assessed value will increase from \$5,004,790 to \$41,069,665.

This will result in the real property taxes increasing from \$151,794 per year to approximately \$1,368,851 per year—an increase of \$1,217,058 in real property tax revenue per year.



Operating Statement – Goman+York

Stabilized Operating Income	\$	\$/Unit
Gross Potential Rent	\$9,846,277	\$38,765
Residential Income	\$7,468,221	\$29,402
Other Income	\$202,306	\$796
HOA - Townhomes	\$180,000	\$750
Commercial Income	\$1,874,056	N/A
Fee Parking Revenue	\$428,400	N/A
(Affordable Housing Adjustmen	(\$91,859)	(\$362)
(Vacancy/Bad Debt)	\$ (672,963)	\$ (2,649)
Effective Gross Revenue	\$9,388,161	\$36,961
Operating Expenses	\$	\$/Unit
Payroll	\$483,997	\$1,906
Utilities & Trash	\$254,000	\$1,000
Maintenance & repair	\$482,600	\$1,900
Marketing	\$78,486	\$309
Administration	\$130,810	\$515
Insurance	\$130,810	\$515
Real estate taxes	\$1,368,852	\$5,389
CPACE	\$1,502,130	\$5,914
Management fee	\$211,662	\$833
Total Operating Expenses	\$4,643,347	\$18,281
Net Operating Income	\$4,744,814	
Return on Cost	4.8%	

Fiscal Impact Analysis

Revenues from Personal Property Taxes

Combined, the new real and personal property taxes will contribute an estimated \$1,458,349 in revenues to the Town of Cromwell. This will increase the tax revenue generated from the Red Lion property from \$151,794 to \$1,458,349, a substantial and positive increase of \$1,306,555 in tax revenue.

Housing Units	Motor Vehicles Per Unit	Total Motor Vehicles	Assessed Value	Mill Rate	Total Estimated Taxes	Taxes Per Vehicle
274	1.50	411	\$2,685,200	33.33	\$89,497	\$217
Notes: Specific data related to the average appraised value of motor vehicles in Cromwell was not found in the Town of Cromwell financial statements. Therefore, based on our experience, research, and similar assignments in dozens of CT communities, we estimate the appraised value of motor vehicles at \$14,000 and the assessed value at \$9,800 per motor vehicle.						

For taxable property purposes, we estimate a total of 411 motor vehicles associated with the 274 residential units (or 1.50 vehicles per unit). The table above provides the assumptions, calculations, and estimates for the appraised, assessed, and tax value of the 411 motor vehicles. This result is a conservative estimate of \$89,497 per year in personal property taxes to be paid to the Town of Cromwell.

Fiscal Impact Analysis

One Time Municipal Development Fees

Permit and Other Fees

Permitting Fees	Fees/Rate	Base	Total
Building Permit	Approximated 1.5% of construction cost	\$58,670,950	\$880,064
WPCA Connection Charge/Fee	\$1,786/unit plus Laterals & Outlets	274 Res/6 Com	\$500,000
Total Fees			\$1,380,064

This table provides the estimated fees to be paid for each category, sub-totals, and the total one-time development related fees to be paid by the proposed mixed-use development. The proposed development will pay approximately \$880,064 in permitting fees and \$500,000 in WPCA connection fees, for a total of approximately \$1,380,064 in one-time development fees.

Understanding One-Time Development Fees

Fees are charged by government to recoup the reasonable cost of providing the government services directly related to the activity upon which the fee is levied. In the case of building permits and sewer connections, the fees are collected to recoup the actual cost associated with providing the administration and documentation necessary for a building permit and sewer connection. For example, building permit fees can be used to recover staffing costs associated with processing the permit application, reviewing the plans, and conducting on-site inspections for compliance with codes and the proposed plans. Another example, sewer connections fees also cover the review of engineered plans and site inspection, while also capturing impact fees related the sewer treatment plant. Therefore, it is not uncommon for such fees for large construction projects to be tens of thousands and even hundreds of thousands of dollars. Therefore, such fees can be a substantial cost to the developer.

For the developer, building permit fees are like other soft costs—they are simply a cost of doing business—and are part of the total cost of the project. However, unlike property taxes that are paid yearly and after construction is completed, the building permit and sewer connection fees are paid before construction commences. Therefore, while property taxes impact the operating expenses of the completed development, permitting fee impact the upfront costs of the development and become part of the capital stack (debt and equity investment structure).



Fiscal Impact Analysis

Understanding School District Enrollment

Demographic change, decreasing size of households and an aging population, are resulting in Cromwell producing fewer children and school district enrollments. Therefore, new housing development is not increasing school district enrollments. For example, from 2010 to 2021 Cromwell added 209 new housing units and school district enrollments decreased by 84 pupils. Therefore, while our enrollment projections on the following pages show that the 274 residential dwelling units will produce new enrollments in Cromwell's school district, it is unlike said new enrollments will increase the total district enrollments.

We are confident in the above statement, since the Cromwell Board of Education 2021 Enrollment projections have the school district enrollments in Cromwell declining over the next 10 years to 1,730 in 2031.

**Cromwell Public Schools Enrollment Projected to 2031. Peter M. Prowda, PhD, November 15, 2021.*

Cromwell New Housing Permits by Year Vs Enrollments

Year	New Housing	Enrollments	BOE Budget	BOE % Budget	PPE
2010-21	209	-84	---	---	\$3,743
2021	13	1,948 (-41)	\$32,750,000	60.3%	\$16,812
2020	6	1,989 (7)	\$31,805,990	60.5%	\$15,990
2019	-2	1,982 (36)	\$30,700,762	59.8%	\$15,489
2018	9	1,946 (-27)	\$29,724,214	59.8%	\$15,274
2017	14	1,973 (-31)	\$29,343,702	59.6%	\$14,872
2016	18	2,004 (6)	\$28,768,297	59.5%	\$14,355
2015	19	1,998 (14)	\$28,275,237	59.2%	\$14,151
2014	23	1,984 (16)	\$27,319,070	59.8%	\$13,769
2013	30	1,968 (-17)	\$26,505,257	59.9%	\$13,468
2012	4	1,985 (-15)	\$25,942,064	59.3%	\$13,069
2011	25	2,000 (-32)	---	---	---
2010	50	2,032	---	---	---

**Connecticut State Department of Education, EdSight (www.edsight.ct.gov), Cromwell School District, Enrollments.*

Fiscal Impact Analysis

School District Enrollment

This provides the projected school district enrollments from the 274 residential dwelling units. These projections are calculated based on the unit mixed. The New-To-District enrollment is estimated at 22 pupils or 50% of total projected enrollments. The New-To-District enrollments are calculated and presented to highlight the point that every enrollment associated with new housing developments/units do not equal a new enrollment into the school district.

School Enrollment Projections

Housing Units	Units	Multiplier (1)	PSAC (2)	NTD-E (3)
Studio	50	0.04	2.00	1
One-Bedroom	136	0.04	5.44	3
Two-Bedroom	70	0.25	17.25	8
Three-Bedroom	18	0.95	17.10	8
Totals	274	0.157	41.79 [42]	22

Notes:

- 1) Multipliers:** Derived from the Rutgers University, Center for Urban Policy Research “Residential Demographic Multipliers – Connecticut.”
- 2) PSAC stands for Public School Age Children.** It is another way of saying school district enrollments.
- 3) (NTD-E) New-To-District Estimates:** represents the percent of student enrollments who are projected to be new to the Cromwell School District—most enrollments from new residential development are associated with students already enrolled in the district. This consideration is derived from the *South Windsor Board of Education Public Schools Enrollment Projections* (2018, 2019, and 2020) that have shown New-to-District enrollments fluctuate between 13% to 30% of enrollments from new housing. Therefore, to be conservative, we utilize 50% new-to-district enrollments. This is an important consideration for calculating the actual fiscal impact of new residential development.

Fiscal Impact Analysis

Expenditures for Education

The Cromwell Board of Education (BOE) Operating budget totaled \$32,750,000 for the 2021 – 2022 budget year. For enrollments, to estimate per pupil spending, we use the October 2021 enrollment of 1,948. To estimate the cost of enrollments resulting from the proposed 274 multi-family units, we make four calculations aimed at estimating the actual cost of new per-pupil enrollments, rather than the common and misleading calculation of total per-pupil spending.

Projected Enrollments & Education Expenditures

BOE Expenditures	Per Pupil	Total PSE	Total Cost	N-T-D	N-T-D Cost
Total Expenditures	\$16,812	42	\$739,728	22	\$369,864
Local-Share Expenditures	\$15,147	42	\$666,468	22	\$333,234
Allocated Expenditures	\$9,845	42	\$433,180	22	\$216,590

Calculation Notes:

- **Total Expenditures** is the BOE budget divided by the total enrollment. BOE Operating budget 2021-22 = \$32,750,000 / October 1, 2021, enrollment of 1,948 = \$16,812 per pupil.
- **Local-Share Expenditure** the per pupil Total Expenditures less non-local tax revenues (intergovernmental revenue sources). Cromwell's total 2021-22 budget is \$54,303,720 and \$5,371,399 or 9.9% of the budget comes from intergovernmental sources, not property tax revenue. Therefore, to calculate the fiscal cost of education related to property taxes, the Local-Share Expenditures for education cost per pupil are reduced to 90.1% of the Total Expenditures (\$16,812) or \$15,147 per pupil.
- **Allocated Expenditures** is based on a general analysis of the BOE budget that isolated approximately 35% of the budget that is unlikely to be impacted by changes in enrollment. For example, district office expenditures, school administrative offices, utilities, building operations and maintenance, prorated staffing, etc. Therefore, the Local-Share Expenditure is reduced by 35% to provide for the Allocated Expenditure.
- **N-T-D (New-To-District)** represents the portion or percent of student enrollments who are anticipated to be new to the Cromwell School District. As discussed above, we estimate 50% new-to-district enrollments.

Fiscal Impact Analysis

Expenditures for Government Services

We allocate \$175,000 (12%) of the \$1,458,349 in real and personal property residential tax revenues by the proposed mixed-use development to the cost of general government services (expenditures).

General Government Services Methodology

To estimate general government expenditures associated with the proposed mixed-use development, we isolate those portions of the budget that can be attributed to residential uses by a process of elimination. For example, we have already accounted for (isolated) education expenditures, or approximately 60% of the total Town budget by allocating the education expenditures to fiscal impact of school district enrollments discussed above.

To further isolate portions of the budget, we note that commercial and industrial properties accounted for approximately 17.6% of the total Grand List. It is commonly understood that commercial and industrial land uses are fiscal positives regarding municipal tax revenue and expenditures. For example, a 2012 study published by the American Farmland Trust and Connecticut Conference of Municipalities showed that commercial and industrial land uses require, on average, only \$0.27 in community services for every \$1.00 generated in tax revenue. Therefore, commercial, and industrial properties pay-their-own-way. In addition, commercial and industrial properties further subsidize the residential tax burden. To estimate the share of commercial and industrial taxes that pay for services utilized by said uses, we use \$0.33 cents on the dollar of taxes paid — slightly higher than the \$0.27 cents cited above.

To further isolate for residential government services, we account for and deduct 17.6% of the Cromwell general government budget that is funded by commercial and industrial property tax revenues. Therefore, combined with education expenditures (60.3%), commercial and industrial properties (17.6%), a total of 77.9% of the municipal budget expenditures can be accounted for, leaving 20.1% of Cromwell's budget to be allocated exclusively to the residential share of general government services/expenditures.

However, like the local share of Board of Education expenditures, the Town of Cromwell does not incur the total new costs for each housing unit added. For example, staff is not added to each department for every new housing unit, and it is likely that 274 proposed unit will be absorbed into general operations without creating the need for new Town staffing or facilities. Therefore, we allocate \$175,000 (12%) of the \$1,458,349 in real and personal property residential tax revenues generated by the proposed mixed-use development to the cost of general government services (expenditures).

Fiscal Impact Analysis

Revenues and Expenditures – Municipal Fiscal Impact

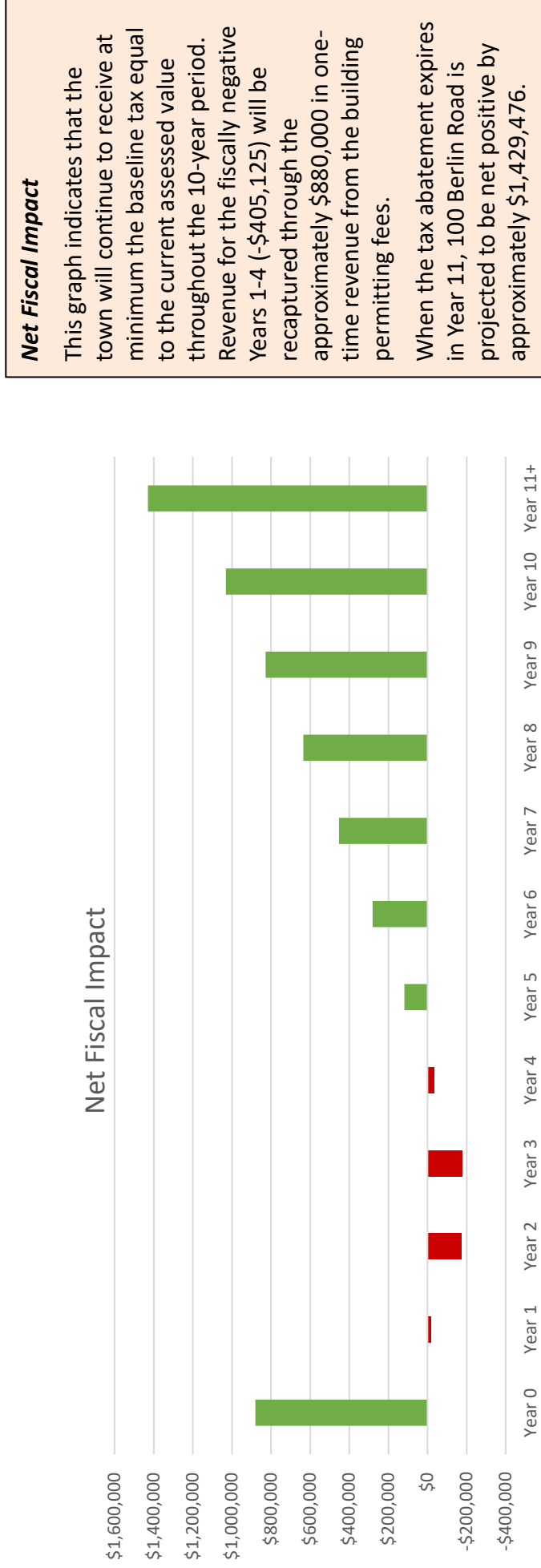
Based on our methodologies and calculations for both the revenues (\$1,458,349) and expenditures (\$391,590), we find that the proposed mixed-use development will be a net fiscal positive of approximately \$1,066,759 per year to the Town of Cromwell. In addition, the Town of Cromwell will receive approximately \$1,380,064 in permitting and sewer connection fees during the two-year construction phase.

Revenues and Expenditures Summary

Revenues: Real & Personal Property Taxes		
Residential and Commercial Real Property Taxes (274 Residential Units, 31,000 Sq. Ft. Commercial Space)		\$1,368,852
Personal Property Taxes (411 Motor Vehicles at \$217.75/Vehicle)		\$89,497
	Estimated Projection - Total Revenues	\$1,458,349
Expenditures: Education and Municipal Government		
Enrollment Expenditures (22 Allocated N-T-D Enrollments @ \$9,845/Year)		\$216,590
General Government Services - Residential (12% of Taxes Paid)		\$175,000
	Estimated Projection - Total Expenditures	\$391,590
	Estimated Positive Fiscal Impact/Year	\$1,066,759
One-Time Development Fees		
Building Permitting Fees		\$880,064
WPCA Sewer Connection Fees		\$500,000
	Estimated One-Time Development Fees	\$1,380,064

Executive Summary

Municipal Fiscal Impact of Tax Abatement



Detailed Fiscal Impact Analysis of Proposed 10-Year Tax Abatement												
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+	
% Tax Abatement	100	100	100	100	100	100	100	100	100	100	100	0
Real Property	\$135,318	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$139,378	\$1,839,623
Personal Property	\$43,201	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$88,994	\$116,117
Total	\$178,519	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$228,372	\$1,955,740

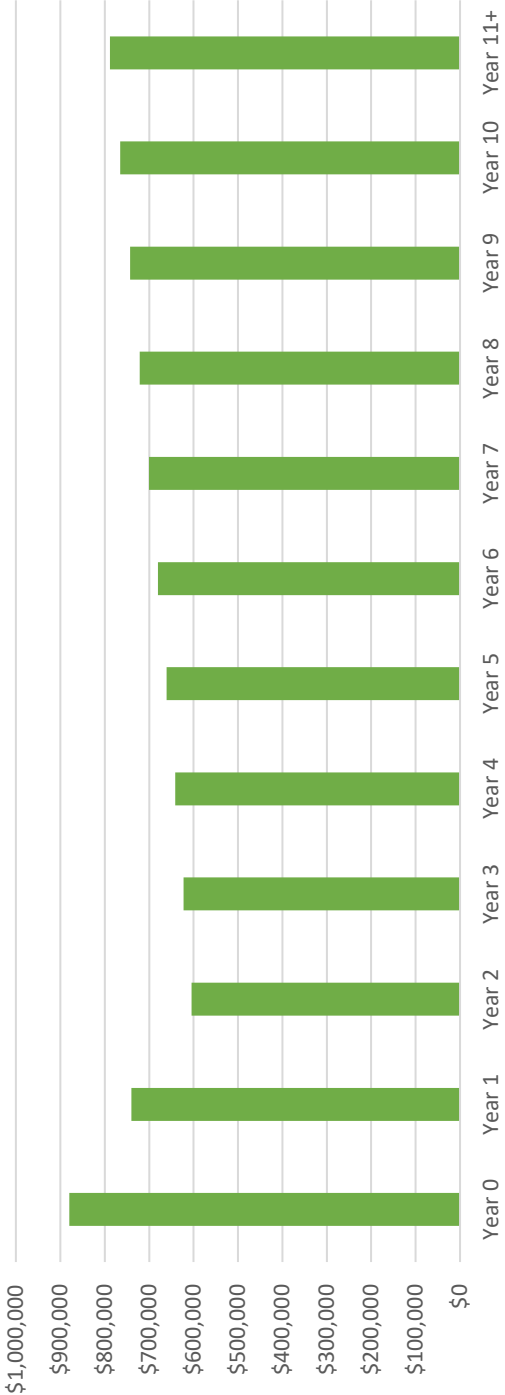
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+	
Residential Gov. Serv.	\$ 87,500	\$ 180,250	\$ 185,658	\$ 191,227	\$ 196,964	\$ 202,873	\$ 208,959	\$ 215,228	\$ 221,685	\$ 228,335	\$ 235,185	
Residential BOE	\$ 108,295	\$ 223,088	\$ 229,780	\$ 236,674	\$ 243,774	\$ 251,087	\$ 258,620	\$ 266,378	\$ 274,370	\$ 282,601	\$ 291,079	
Total	\$195,795	\$403,338	\$415,438	\$427,901	\$440,738	\$453,960	\$467,579	\$481,606	\$496,054	\$510,936	\$526,264	

Net Fiscal Impact	-\$17,276	-\$174,966	-\$178,552	-\$34,331	\$118,704	\$280,953	\$452,830	\$634,766	\$827,211	\$1,030,632	\$1,429,476	
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Executive Summary

Municipal Fiscal Impact of Fixed Assessment

Net Fiscal Impact



Net Fiscal Impact

This graph indicates that the town will continue to receive at minimum the baseline tax equal to the current assessed value throughout the 10-Year period. The town will collect approximately \$880,000 in one-time revenue from the building permitting fees and is projected to be fiscally positive throughout the Assessment Fixing Agreement.

When the assessment fixing expires in Year 11, 100 Berlin Road is projected to be net positive by approximately \$788,095.

Detailed Fiscal Impact Analysis of Proposed 10-Year Tax Fixing Agreement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+
Revenue											
Fixed Assessment	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667	\$26,672,667
Residential	\$889,000	\$915,670	\$943,140	\$971,434	\$1,000,577	\$1,030,595	\$1,061,512	\$1,093,358	\$1,126,159	\$1,159,943	\$1,194,742
Personal Property	\$43,201	\$88,994	\$91,664	\$94,414	\$97,246	\$100,164	\$103,169	\$106,264	\$109,451	\$112,735	\$116,117
Total	\$932,201	\$1,004,664	\$1,034,804	\$1,065,848	\$1,097,824	\$1,130,758	\$1,164,681	\$1,199,621	\$1,235,610	\$1,272,678	\$1,310,859
Expenditures											
Residential Gov. Serv.	\$87,500	\$180,250	\$185,658	\$191,227	\$196,964	\$202,873	\$208,959	\$215,228	\$221,685	\$228,335	\$235,185
Residential BOE	\$108,295	\$223,088	\$229,780	\$236,674	\$243,774	\$251,087	\$258,620	\$266,378	\$274,370	\$282,601	\$291,079
Total	\$195,795	\$403,338	\$415,438	\$427,901	\$440,738	\$453,960	\$467,579	\$481,606	\$496,054	\$510,936	\$526,264
Net Fiscal Impact	\$736,406	\$601,326	\$619,366	\$637,947	\$657,086	\$676,798	\$697,102	\$718,015	\$739,556	\$761,742	\$784,595

Signature Page



Respectfully submitted,

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Email: dpoland@gomanyork.com

Donald J. Poland PhD, AICP | SVP, Urban Planning & Strategy

Dr. Poland is a geographer, planner, and community strategist whose work focuses on assisting communities compete for wealth and investment through strategic market, land use, and planning interventions that build community confidence, foster pride in place, create governance capacity, and grow market demand. With over twenty-nine years' experience in the public, private, non-profit, and academic sectors, he offers a unique approach to addressing the social, economic, spatial, governance, and policy challenges of creating and maintaining healthy, vibrant, and prosperous communities.

Dr. Poland's consultancy, while covering a wide range of planning activities and providing extensive services, focuses mostly on smaller cities and weak-market communities that struggle to compete for wealth, investment, vibrancy, and prosperity. Dr. Poland specializes in creating strategic and scaled interventions designed to (re)position communities to compete for wealth and investment. His consultancy work and clients have included post-Katrina planning, land use, and redevelopment strategies for St. Bernard Parish, Louisiana, and an economic investment strategy for the City of Oswego, New York.

Dr. Poland is accepted as an expert witness in the areas of land use planning, neighborhood redevelopment, and community development in the United States District Court, Eastern District of Louisiana—the cases involved zoning and disparate impacts. He is a member of the American Institute of Certified Planners, Past-President of the Connecticut Chapter of the American Planning Association, and a Past-Fellow with the Connecticut Policy Institute.

Internationally trained, Dr. Poland earned his PhD from University College London (UCL), Department of Geography, Cities and Urbanization program. His doctoral research focused on urban ecology, ecological resilience, and how ecological metaphors and theory can help us understand urban environments as complex adaptive systems.

Dr. Poland is Visiting Lecturer in Public Policy, Graduate Studies Program at Trinity College, Hartford, CT. He also lectures in geography and urban planning at the University of Connecticut and Central Connecticut State University. His research interests include the remaking of (sub)urban space, urban and suburban histories, urban ecology, complexity theory, and creativity and innovation.

The top left corner of the slide features two thick, curved lines. The outermost line is dark grey, and the inner line is a lighter grey, creating a modern, abstract design element.

APPENDIX:

Supplemental Pro forma Financial Workbooks

GOMAN+YORK

Summary

Developer's numbers - Without tax abatement

Project Summary	
Project Name	100 Berlin Road
Address	100 Berlin Road, Cromwell, CT 06416
Current Parcel Value	\$2,550,000
# Units	254
# Townhomes	20
Residential NRSF	236,900
Commercial NRSF	28,500
Construction Period (Months)	32
Tax Abatement	No Tax Abatement

Assumptions	Unit
Residential Revenue Growth	3%
Commercial Growth	2%
Lease Up Year Retail Vacancy	25%
Lease Up Year Parking Vacancy	56%
Parking Vacancy	15%
Parking Growth	2%
Lease-Up Econ Loss	56%
Stabilization year Econ Loss	7%
Commercial Stabilized Economic Loss	5%
Expense Growth	3%
Management Fee	3.0%
Townhome Sales Commission	6%
Townhome Pre-Sale	30%
Townhome Sales per Month	3

Financing Assumptions	
Debt Service Coverage Ratio	1.2
Construction Interest Rate	7.00%
Construction Loan-to-Cost Ratio	62%
Permanent Loan Amortization (Years)	30
Permanent Interest Rate	6.50%
Permanent Loan-to-Value	70%
Residential Capitalization Rate	4.75%
Commercial Capitalization Rate	6.75%
Stabilized Valuation	\$114,856,874

Development Costs	\$	\$/Unit	\$/SF	% Total
Land & Site Costs	\$9,786,040	\$38,528	\$34.55	8.7%
Construction Costs	\$75,699,051	\$298,028	\$267.25	67.0%
Soft Costs	\$7,343,481	\$28,911	\$25.93	6.5%
Financing & Leasing Costs	\$15,786,589	\$62,152	\$55.73	14.0%
Developer Fees	\$4,317,562	\$16,998	\$15.24	3.8%
Total Development Cost	\$112,932,723	\$444,617	\$398.70	100.0%

Residential Unit Mix	# Units	SF/Unit	\$/Unit	\$/SF
Unit Type				
Studio	50	562	\$1,900	3.38
1 Bedroom	97	767	\$2,275	2.97
1 Bedroom + Den	39	863	\$2,500	2.90
2 Bedroom x 1.5	16	952	\$2,700	2.84
2 Bedroom x 2	42	1,027	\$2,900	2.82
3 Bedroom x 2	10	1,343	\$3,250	2.42
TOTAL	254	933	\$2,404.23	\$2.98

Commercial Use Mix	# SF	\$/SF	Annual Rent
Commercial Use			
Retail Shell 1	16,500	\$45.00	\$742,500
1st FI Retail Shell (A.2)	12,000	\$60.00	\$720,000
(Vacancy/Bad Debt)			(\$73,125)
TOTAL	28,500	\$49	\$1,389,375

Pay Parking Income	# Spaces	\$/Monthly	Annual Income
Type			
Fee Parking Revenue	280	\$150	\$504,000
(Vacancy/Bad Debt)			(\$75,600)
TOTAL			\$428,400

Sale: Townhomes	# Units	\$	Total Proceeds
Type			
Townhome	20	\$450,000	\$9,000,000

Stabilized Operating Income	\$	\$/Unit
Gross Potential Rent	\$9,925,999	\$39,079
Residential Income	\$7,547,943	\$29,716
Other Income	\$202,306	\$796
HOA - Townhomes	\$180,000	\$750
Commercial Income	\$1,874,056	N/A
Fee Parking Revenue	\$504,000	N/A
(Affordable Housing Adjustment	(\$95,859)	(\$377)
(Vacancy/Bad Debt)	\$ (602,944)	(\$2,374)
Effective Gross Revenue	\$9,609,503	\$37,833
Stabilized Operating Expenses	\$	\$/Unit
Payroll	\$483,997	\$1,906
Utilities & Trash	\$254,000	\$1,000
Maintenance & repair	\$482,600	\$1,900
Marketing	\$78,486	\$309
Administration	\$130,810	\$515
Insurance	\$130,810	\$515
Real estate taxes	\$1,300,203	\$5,119
PACE Assessment	\$1,502,130	\$5,914
Management fee	\$211,662	\$833
Total Operating Expenses	\$4,574,698	\$18,011
Net Operating Income	\$5,034,805	
Return on Cost	4.5%	

Projected IRR	
IRR	7.1%
Equity IRR	11.8%

Financing	\$	%
Source		
Construction Loan	\$ 70,018,288	62.0%
CPACE	\$ 16,218,561	14.4%
Equity	\$ 26,695,874	23.6%

Summary

Developer's numbers - With tax abatement

Project Summary	
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Commercial NRSF	28,500
Construction Period (Months)	32
Tax Abatement	No Tax Abatement

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TOTAL	254	933	\$2,404.23	\$2.98

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Commercial Use			
Retail Shell 1	16,500	\$45.00	\$742,500
1st FI Retail Shell (A.2)	12,000	\$60.00	\$720,000
(Vacancy/Bad Debt)			(\$73,125)
TOTAL	28,500	\$49	\$1,389,375

Pay Parking Income	# Spaces	\$/Monthly	Annual Income
Type			
Fee Parking Revenue	280	\$150	\$504,000
(Vacancy/Bad Debt)			(\$75,600)
TOTAL			\$428,400

Sale: Townhomes	# Units	\$	Total Proceeds
Type			
Townhome	20	\$450,000	\$9,000,000

Stabilized Operating Income	\$	\$/Unit
Gross Potential Rent	\$9,925,999	\$39,079
Residential Income	\$7,547,943	\$29,716
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(Vacancy/Bad Debt)	\$ (602,944)	(\$2,374)
Effective Gross Revenue	\$9,609,503	\$37,833
Stabilized Operating Expenses	\$	\$/Unit
Payroll	\$483,997	\$1,906
Utilities & Trash	\$254,000	\$1,000
Maintenance & repair	\$482,600	\$1,900
Marketing	\$78,486	\$309
Administration	\$130,810	\$515
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Real estate taxes	\$1,300,203	\$5,119
PACE Assessment	\$1,502,130	\$5,914
Management fee	\$211,662	\$833
Total Operating Expenses	\$4,574,698	\$18,011
Net Operating Income	\$5,034,805	
Return on Cost	4.5%	

Projected IRR	
IRR	7.7%
Equity IRR	13.8%

Financing	\$	%
Source		
Construction Loan	\$ 70,018,288	62.0%
CPACE	\$ 16,218,561	14.4%
Equity	\$ 26,695,874	23.6%

Summary

Goman+York's numbers - Without tax abatement

Project Summary		
Project Name	Lord Cromwell	
Address	100 Berlin Road, Cromwell, CT	
Current Parcel Value	\$2,550,000	
# Units	254	
# Townhomes	20	
Residential NRSF	236,900	
Commercial NRSF	28,500	
Construction Period (Months)	32	
Tax Fixing Agreement	No Tax Abatement	

Assumptions	Unit
Residential Revenue Growth	3%
Commercial Growth	2%
Lease Up Year Retail Vacancy	25%
Lease Up Year Parking Vacancy	56%
Parking Vacancy	15%
Parking Growth	2%
Lease-Up Econ Loss	56%
Stabilization year Econ Loss	7%
Commercial Stabilized Economic Loss	5%
Expense Growth	3%
Management Fee	3.0%
Townhome Sales Commission	6%
Townhome Pre-Sale	30%
Townhome Sales per Month	3

Financing Assumptions	
Debt Service Coverage Ratio	1.2
Construction Interest Rate	6.50%
Construction Loan-to-Cost Ratio	58%
Permanent Loan Amortization (Years)	30
Permanent Interest Rate	6.00%
Permanent Loan-to-Value	70%
Residential Capitalization Rate	4.75%
Commercial Capitalization Rate	6.75%
Stabilized Valuation	\$111,661,771

Development Costs	\$	\$/Unit	\$/SF	% Total
Land & Site Costs	\$10,388,877	\$40,901	\$36.68	9.6%
Construction Costs	\$74,079,575	\$291,652	\$261.53	68.5%
Soft Costs	\$6,880,355	\$27,088	\$24.29	6.4%
Financing & Leasing Costs	\$12,429,186	\$48,934	\$43.88	11.5%
Developer Fees	\$4,317,562	\$16,998	\$15.24	4.0%
Total Development Cost	\$108,095,556	\$425,573	\$381.63	100.0%

Residential Unit Mix				
Unit Type	# Units	SF/Unit	\$/Unit	\$/SF
Studio	50	562	\$1,900	3.38
1 Bedroom	97	767	\$2,275	2.97
1 Bedroom + Den	39	863	\$2,500	2.90
2 Bedroom x 1.5	16	952	\$2,625	2.76
2 Bedroom x 2	42	1,027	\$2,775	2.70
3 Bedroom x 2	10	1,343	\$3,250	2.42
TOTAL	254	933	\$2,378.84	\$2.96

Commercial Use Mix			
Commercial Use	# SF	\$/SF	Annual Rent
Retail Shell 1	16,500	\$45.00	\$742,500
1st FI Retail Shell (A.2)	12,000	\$60.00	\$720,000
(Vacancy/Bad Debt)			(\$74,588)
TOTAL	28,500	\$49	\$1,387,913

Pay Parking Income			
Type	# Spaces	\$/Monthly	Annual Income
Fee Parking Revenue	280	\$150	\$504,000
(Vacancy/Bad Debt)			(\$75,600)
TOTAL			\$428,400

Sale: Townhomes			
Type	# Units	\$	Total Proceeds
Townhome	20	\$450,000	\$9,000,000

Stabilized Operating Income			
	\$	\$/Unit	
Gross Potential Rent	\$9,846,277	\$38,765	
Residential Income	\$7,468,221	\$29,402	
Other Income	\$202,306	\$796	
HOA - Townhomes	\$180,000	\$750	
Commercial Income	\$1,874,056	N/A	
Fee Parking Revenue	\$428,400	N/A	
(Affordable Housing Adjustmen	(\$91,859)	(\$362)	
(Vacancy/Bad Debt)	\$ (672,963)	\$ (2,649)	
Effective Gross Revenue	\$9,388,161	\$36,961	
Operating Expenses			
	\$	\$/Unit	
Payroll	\$483,997	\$1,906	
Utilities & Trash	\$254,000	\$1,000	
Maintenance & repair	\$482,600	\$1,900	
Marketing	\$78,486	\$309	
Administration	\$130,810	\$515	
Insurance	\$130,810	\$515	
Real estate taxes	\$1,368,852	\$5,389	
CPACE	\$1,502,130	\$5,914	
Management fee	\$211,662	\$833	
Total Operating Expenses	\$4,643,347	\$18,281	
Net Operating Income	\$4,744,814		
Return on Cost	4.8%		

Projected IRR	
IRR	6.9%
Equity IRR	12.1%

Financing		
Source	\$	%
Construction Loan	\$62,323,448	57.7%
CPACE	\$16,218,561	15.0%
Equity	\$29,553,547	27.3%

Summary

Goman+York's numbers - With tax abatement

Project Summary		
Project Name	Lord Cromwell	
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Current Parcel Value	\$2,550,000	
# Units	254	
# Townhomes	20	
Residential NRSF	236,900	
Commercial NRSF	28,500	
Construction Period (Months)	32	
Tax Fixing Agreement	10-Year Tax Abatement	

Assumptions	Unit
Residential Revenue Growth	3%
Commercial Growth	2%
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Lease Up Year Parking Vacancy	56%
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Thank You!

1137 Main Street
East Hartford CT 06108

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Fax: (877) 741-7210

**GOMAN
+YORK**

<http://gomanyork.com>

DOCKET NO.: HHB-CV-23-6078576-S	:	SUPERIOR COURT
	:	
M360 BERLIN LAND HOLDINGS, LLC	:	JUDICIAL DISTRICT OF
	:	NEW BRITAIN
v.	:	
	:	
TOWN OF CROMWELL	:	_____, 2023

JUDGMENT BY STIPULATION

The parties in the above-entitled action hereby agree and stipulate that judgment may enter in this matter as to all issues raised herein in accordance with the following terms:

1. The assessment on the Grand List of October 1, 2022 (the “2022 Grand List”) for all of the land and improvements on the parcel of real property known as 100 Berlin Road, Cromwell, Connecticut (the “Property”), as described in the Plaintiffs’ Application (“Appeal”) dated March 29, 2023, was set by the Town of Cromwell Assessor at a fair market value of \$5,467,000.00.

2. In the interest of settlement, commencing with the Grand List of October 1, 2022, for the real estate taxes first due July 1, 2023, the assessed value of the Property shall be \$2,590,173.00 [Fair Market Value equal to \$3,700,247.00].

3. The reduced assessment shall remain in effect until the occurrence of any one of the following events, whichever occurs sooner:

- a. New structures or other improvements are built on the Property; or
- b. The Property is sold; or
- c. Commencement of a tax fixing agreement is triggered; or
- d. The next Grand List revaluation in 2027; or

- e. Reassessment is otherwise required by law.
4. Any excess taxes levied on the subject property for the 2022 Grand List and paid in July 2023, shall be applied to the January 2024 tax bill first, the remainder, if any, to be applied to the July 2024 tax bill.
5. Costs and interest shall not be taxed against either party.
6. Except as otherwise stated herein, said judgment shall be binding on the parties' heirs, successors and assigns.

THE PLAINTIFF M360 BERLIN LAND HOLDINGS, LLC By _____ Gary J. Greene Greene Law PC 11 Talcott Notch Road Farmington, CT 06032 Tel. No. 860-676-2250 Fax No. 860-676-2250 Its Attorneys	THE DEFENDANT TOWN OF CROMWELL By _____ Kari L. Olson Joseph D. Szerejko Murtha Cullina LLP 280 Trumbull Street Hartford, CT 06103 Tel. No. 860-240-6000 Fax No. 860-240-6150 kolson@murthalaw.com jszerejko@murthalaw.com Their Attorneys
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CERTIFICATE OF SERVICE

I certify that a copy of the above was or will immediately be mailed or delivered electronically or non-electronically on _____, 2023 to all counsel and self-represented parties of record and that written consent for electronic delivery was received from all counsel and self-represented parties of record who were or will immediately be electronically served.

**AGREEMENT TO FIX ASSESSMENT ON REAL PROPERTY
(Parcel located 100 Berlin Road)**

This Agreement is entered into this _____ day of _____, 2023 (“Effective Date”) by and between the **TOWN OF CROMWELL**, a municipal corporation and body politic having its corporate limits located within the County of Middlesex and State of Connecticut, with offices located at Town Hall, 41 West Street, Cromwell, CT 06416 (hereinafter the "Town"), and **M360 BERLIN LAND HOLDINGS, LLC**, with an office c/o Lexington Partners LLC, located at 755 MAIN STREET SUITE 1245, HARTFORD, CT, 06103 (hereinafter "M360"), to fix the assessment of real property that would be due on certain existing and new construction and improvements included in the mixed use development project (as defined in Section 12-65b of the Connecticut General Statutes) known as 100 Berlin Road (the "Project"), in Cromwell, Connecticut, consisting of approximately 22 acres of land and improvements thereon, the entirety of which is more particularly described in Exhibit C attached hereto (the "Property") for a limited period of time as described below.

WITNESSETH:

WHEREAS, M360 requested that the Town fix the assessment for a ten-year period on the real property currently in effect and the increase that would be due on the construction and renovation of certain buildings and improvements included in the Project; and

WHEREAS, M360 has secured all necessary approvals to construct new construction and improvements for the Project, as described in the site plan application (the “Application”), including constructing 28,500 square feet of commercial space for lease (the “Retail Space”), 254 multi-family residential rental units located in two buildings (each, a “Multi-Family Building”, and together, the “Multi-Family Buildings”), 20 town homes for sale (the “Town Homes”) together with associated amenities and parking facilities, including a renovated parking structure (the

Property, Retail Space, the Multi-Family Buildings, the amenities and parking (but not the Town Homes) collectively, the "Improvements"), and to complete the Improvements within four (4) years after the date of the issuance of the building permit by the Town to commence the razing of the existing structures ("Work Commencement") at the Property;

WHEREAS, M360, is the current owner of the Property, having acquired it as a result of defaulted mortgage loans by the previous owner, and is presently responsible for the real property taxes associated with the Property; and

WHEREAS, M360 has further proposed that following the Work Commencement at the Property, the assessment currently in effect and the increased assessment on the Improvements will be fixed to result in the percentages of taxable assessed values as set forth herein; and

WHEREAS, in consideration of the benefit to the Town of the Project in eliminating a long-standing, derelict property, increasing tax revenues over time, creating employment opportunities and a long-term economic engine in the Berlin Road corridor, and to assist M360 in the initial stages of building and financing the Project, and as authorized pursuant to Section 12-65b of the Connecticut General Statutes ("CT Law"), the Town is willing to enter into an agreement to fix the real property assessments for the Property and the Improvements under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties hereby covenant and agree that:

1. As allowed under CT Law, upon M360's having completed all Improvements and having secured the final Certificate of Occupancy of the last Multi-Family Building to be constructed in accordance with the approved plan, (the "Final CO"), beginning with the next succeeding October 1 Grand List following the date of the issuance of the Final CO, the Town

shall assess the Property and the Improvements (which specifically excludes the Town Homes which are not included in the scope of this Agreement) (the "Completed Property"), for each year at the percentages of the then-assessed value, in accordance with the Abatement Schedule attached hereto as Exhibit A. By way of example, if M360 secures the Final CO on September 1, 2026, thereafter the Abatement Schedule percentages would apply beginning with the October 1, 2026, Grand List. The parties understand and agree that, in the event that there are material additions to the Improvements constructed at the Property after the Final CO, that the Town shall have the ability to increase the fair market value, and therefore the assessed value, of the Property and the Improvements accordingly, with respect to the assessed value of such additions.

2. This Agreement commences on the Effective Date and the tax assessment fixing contemplated hereby shall continue for a term of ten (10) years from the date that is the earlier of (i) four years from the issuance of the Initial Building Permit (as hereinafter defined) or (ii) the next occurring October 1 following the issuance of the Final CO (the "Outside Date") or, at the option of M360, the date upon which construction of the multi-family apartments is complete and CO's have been issued even if the entire project has not been completed.

3. For the interim period from the Effective Date until the Outside Date, , the Property and the completed improvements thereon will be subject to taxation in accordance with that certain Stipulated Judgment, a copy of which is attached hereto as Exhibit B.

4. This Agreement shall only apply to real estate property taxes on the Completed Property and shall not apply to (a) personal property taxes, (b) motor vehicle taxes or (c) any newly constructed Town Home for which a Certificate of Occupancy has been issued. During the term of this Agreement, only items identified in (a), (b), and (c) above shall be subject to

assessment and taxation in accordance with standard Town practices and policies.

5. At the end of the term of this Agreement, as applicable to the Completed Property: (a) such Completed Property will be subject to property taxation in accordance with the Connecticut General Statutes, at the Town's established mill rate and in accordance with the Town's standard practices for property and buildings of this nature, and (b) M360, its permitted successors or assigns, shall have all rights of administrative and judicial appeal, as provided under applicable law, of the property taxation imposed by the Town.

6. The Project shall:

(a) obtain at least one building permit to begin work for new construction, alteration, removal, demolition or other building operations ("Initial Building Permit") no later than twenty-four (24) months from the date of this Agreement. If the Project does not obtain the Initial Building Permit within twenty-four (24) months from the date of this Agreement, subject to the Force Majeure provisions of Paragraph 19 of this Agreement, then the Town shall give notice of such default to M360 by registered or certified mail, return receipt requested, postage prepaid and addressed to M360 at the address provided herein. M360 shall thereafter have sixty (60) days to cure such default, and upon such cure, the terms and conditions of this Agreement shall remain in full force and effect. In the event of a default in obtaining the Initial Building Permit by M360 that remains uncured after said sixty (60) days, this Agreement will immediately terminate and not be applicable to the Property or any Improvements effective as of the date of such termination. Thereafter the Property and any improvements thereon will be subject to the normal assessment and levy practices of the Town effective as of the date of such termination, unless otherwise authorized

in this Agreement or by an action of the Town Council of the Town, acting in its sole and absolute discretion, allowing M360 an extension of time to cure such failure to meet any of said timelines; and

(b) obtain the Final CO no later than forty-eight (48) months after the issuance of the Initial Building Permit. If the Project does not obtain the Final CO within forty-eight (48) months after the issuance of the Initial Building Permit (except for a Force Majeure event, in which case Paragraph 19 of this Agreement shall apply), it shall constitute a material default and Paragraph 16 of the Agreement shall apply. In the event of such a default, the Town shall assess the Property and any Improvements, whether completed or not, and the percentage of taxes owed shall be paid in accordance with year 4 as shown on the Assessment Schedule attached hereto as Exhibit A until the default is cured or the Agreement is terminated, whichever occurs sooner.

7. A. The Project will constitute an investment in new buildings and improvements, or building renovations and rehabilitation, for which the construction costs shall be documented at completion to be not less than \$50,000,000.00, which costs shall include the costs of demolition and remediation, but not soft costs. Evidence will be provided by M360 to the Town's Assessor by Affidavit and supporting documentation, no later than ninety (90) days after receipt of the Final CO, including but not limited to building permit applications (showing hard costs) and disclosure of soft costs and other supplemental information, if necessary, to prove compliance with this investment requirement.

B. Ten percent (10%) of the units in the Multi-Family Buildings, as described in the Application, shall be maintained as "affordable workforce units" for a period of forty (40)

years from the date of issuance of the Final CO for rent to applicants earning under eighty percent (80%) of median income for the community of Cromwell, Connecticut (the “AMI”) as determined by the United States Department of Housing and Urban Development (“HUD”) and as published by HUD, in accordance with the provisions of that condition of approval agreed to by M360 and the Town. This condition shall run with the land and be recorded on the land records of the Town in a form approved by the Town Attorney for the Town of Cromwell. At the outset, M360 shall provide documentary evidence deemed necessary to confirm the units are “affordable” as defined by HUD standards and, thereafter, upon request of the Town.

C. M360 represents that (a) the Project has been fully approved and is shovel ready, (b) it has the qualifications and financial capacity to undertake and complete the Project as described in the Application, (c) it is in good standing, (d) the Improvements shall not be, after issuance of the Final CO, in violation of any of the Town's Zoning Regulations, Building Code, or any other ordinance, and (e) M360 is a taxpayer in good standing for any and all payments of real property, personal property, or motor vehicle taxes due and payable by M360.

8. M360 may conditionally assign, transfer and convey its rights or obligations hereunder, in whole or in part, to its lender for the purpose of obtaining financing for the Project and the Town herein agrees that said rights shall be assignable to the lender. M360 may not assign, transfer or convey its rights or obligations hereunder to any other third party, in whole or in part, in all or any portion of the Project without the prior written consent of the Town, provided that such consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, M360 may assign, transfer and convey its rights and obligations hereunder, in whole or in part, to an entity established for the development of a portion or all of the Project, provided that there is no change in beneficial ownership as a result of said transfer; and M360 may assign,

transfer and convey its rights and obligations hereunder, in whole or in part to a third-party purchaser of any portion of the Project without the consent of the Town, provided that M360 has received the Final CO and the use of the Property (or portion thereof) will remain the same as developed by M360. The Town Assessor shall be promptly notified in writing of any such transfer or assignment and be provided proof of the assignee's acceptance of the terms of this Agreement. The construction costs for any portion of the Property properly assigned, transferred or conveyed hereunder shall be credited toward M360's obligation to invest \$50,000,000 or greater in the Project, as required under Section 7.A. hereof. All of the provisions of this Agreement shall be binding upon and inure to the benefit of M360's permitted assignees, transferees and those taking by conveyance.

9. M360 and any of its permitted successors or assigns hereby release the Town and its agents, servants and employees from any and all liability, of whatever nature, legal or equitable, which may have arisen or which may arise in connection with this Agreement, including the implementation hereof; provided however, that the Town shall not be released from its obligations to comply with the terms of this Agreement.

10. M360 and any of its permitted successors or assigns shall defend and indemnify the Town and any of its agents, servants and employees against any action, claim or suit of any nature whatsoever, arising from the Town being a party to this Agreement and any undertaking of its obligations hereunder.

11. This Agreement has been executed by the parties' respective agents, duly authorized and acting in their official capacities.

12. This Agreement may be amended only by mutual consent of the parties, and any amendments to this Agreement shall be in writing and shall be duly executed and dated by the

respective parties.

13. This Agreement represents the entire and complete understanding and agreement of the parties, and any and all prior written or oral agreements not otherwise contained in this Agreement shall be and are hereby null and void and of no force or effect.

14. This Agreement shall in all respects be governed by, and construed in accordance with, the substantive federal laws of the United States and the laws of the State of Connecticut. All duties and obligations under this Agreement are to be performed in the State of Connecticut and venue for purposes of any actions brought under this Agreement, or under any agreement or other document executed in conjunction herewith, shall be the state or federal courts located within and having jurisdiction over the State of Connecticut. If such action is brought in the State of Connecticut venue, the parties agree that it shall take place in the Judicial District of Hartford.

15. Upon the execution of this Agreement, a proper "Notice of Agreement to Abate Taxes on Real Property" shall be filed upon the land records of the Town with respect to the Property. The parties acknowledge and agree that the term "Improvements" as defined herein does not include the Town Homes or any other additions to the Improvements constructed at the Property not contemplated by the Application.

16. A. Except as otherwise set forth in this Agreement, in the event of a default by M360 in any of its payment obligations under this Agreement, or in the event of a Material Violation (as hereinafter defined), the Town, after such default, shall give notice of such default to M360 by registered or certified mail, return receipt requested, postage prepaid and addressed to M360 at the address provided herein. M360 shall thereafter have sixty (60) days to cure such default (beyond such other grace and cure periods or may otherwise be provided for herein),

and upon such cure, the terms and conditions of this Agreement shall remain in full force and effect, provided, however, in the event that the cure cannot be completed in sixty (60) days, and M360 has commenced and is diligently pursuing a cure of such default, M360 shall have up to an additional ninety (90) days to cure. To the extent the default relates to tax payments due and owing, statutory interest and penalties shall not be waived and shall also be due and owing in accordance with state law. In the event of a default of this Agreement by M360 that remains uncured as set forth herein, the Town, by resolution adopted by the Town Council, may elect to terminate this Agreement and upon such termination, the Property and Improvements will be subject to the normal assessment and levy practices of the Town effective as of the date of such termination. The Town shall be entitled to recover from M360 all costs of collection, including reasonable attorneys' fees, incurred in enforcing this Agreement. The Town also reserves any and all legal remedies to recover the payment of such taxes including, but not limited to, interest and penalties thereon as provided by law, reasonable attorneys' fees and costs and expenses incurred by the Town, whether by litigation or otherwise, in seeking recovery of the taxes, interest and penalties.

B. M360 shall remain in good standing with the Town, shall not be delinquent on real estate, personal property or motor vehicle taxes, and shall not be in "Material Violation" (as hereinafter defined) of the Town's Zoning Regulations, Building Code, or any other ordinance, statute or code, that may be applicable to the Project or the Property. A "Material Violation" is one in which the Town has commenced an administrative or judicial proceeding to correct the violation after allowing M360 adequate opportunity to do so on its own initiative, such administrative or judicial proceeding has been completed and all appeal rights have run, with the result being a decision in favor of the Town. Subject to M360's, and its permitted

successors or assigns, rights of administrative and judicial appeal, as provided under applicable law. Notwithstanding anything contained herein to the contrary, if payment of annual real estate taxes is not made within thirty (30) days of the real estate taxes becoming due and payable, the Town may elect to revoke this Agreement for the current year and the Property and Improvements will be subject to the normal assessment and levy practices of the Town for that year. If payment of annual real estate taxes is not made within sixty (60) days of the real estate taxes becoming due and payable the Town, by resolution adopted by the Town Council, may elect to terminate this Agreement and upon such termination, the Property and Improvements will be subject to the normal assessment and levy practices of the Town effective as of the date of such termination. If the Property or Improvements are found, after completion of said administrative or judicial process, to be in violation of a zoning regulation, building code or any other ordinance, statute or code, and M360 fails to remedy the violation within sixty (60) days' notice from the Town, the Town, by resolution adopted by the Town Council, may elect to terminate this Agreement or may, in its sole and absolute discretion, elect to provide M360 with additional time to remedy a violation if the Town Council determines that M360 is making a good faith effort to remedy a violation.

17. M360 acknowledges and agrees that the fixed assessment offered pursuant to this Agreement is not binding upon the Town beyond the term agreed to herein.

18. In the event that M360 or any lender loaning funds to M360 that are secured by a mortgage on the Property (each, a "Lender") provides the Town with the name and mailing address of any such Lender, the Town agrees to provide copies of any notices given to M360 in accordance with Paragraph 18 of this Agreement to such Lender. However, the failure to provide such notice to a Lender shall not impact any deadlines to cure or the Town's rights

to terminate or otherwise enforce this Agreement.

19. If either party hereto, through no fault of their own, is delayed or prevented from the performance of any act required hereunder or the satisfaction of any condition contained herein by reason of an act of God, strike, lockout, labor troubles, acts of terrorism, cyberattacks, or civil riots, plan approval delay, utility delays, government action or inaction, inability to procure materials, restrictive governmental laws or regulations, disease outbreak, epidemic, pandemic (including Covid-19), worldwide illness, or other declaration of public health emergency, quarantine restriction adverse weather, unusual delay in transportation, delay by the other party, casualty or other threat of immediate personal injury or property damage, or other cause (whether or not similar to the foregoing) beyond the reasonable control of the party obligated to perform, (“Force Majeure”) (financial inability excepted), then the period for the performance of such act or the satisfaction of such condition shall be extended for a period equal to the period of such delay (regardless of whether or not the provisions of this Agreement providing for such performance or satisfaction of such condition expressly references events of Force Majeure or not).

20. As part consideration for this Agreement, M360 agrees that this Agreement is conditioned upon M360 entering into a joint stipulated judgment as to the pending tax appeal captioned: M360 Berling Holdings, LLC v. Town of Cromwell; DOCKET NO.: HHB-CV-23-6078576-S, and to withdraw the pending tax appeal captioned: M360 Berling Holdings, LLC v. Town of Cromwell; DOCKET NO.: HHB-CV-22-6072749-S. If these preconditions are not met, the Agreement shall be void.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, this Agreement has been executed by authorized representatives of the parties hereto and is effective as of the aforesaid date.

TOWN OF CROMWELL

By: _____

Name:

Title:

[The remainder of this page intentionally blank. Additional Signature Page to follow]

IN WITNESS WHEREOF, this Agreement has been executed by authorized representatives of the parties hereto and is effective as of the aforesaid date.

M360 BERLIN LAND HOLDINGS, LLC

By: _____

Name:

Title:

[The remainder of this page intentionally blank. Additional Signature Page to follow]

EXHIBIT A

ABATEMENT SCHEDULE

Tax Abatement Schedule

Year	Assessed Value of Property and Improvements	% of Taxes To Be Paid
Year 1	\$26,170,000.00	0%
Year 2	\$26,170,000.00	0%
Year 3	\$26,170,000.00	10%
Year 4	\$26,170,000.00	20%
Year 5	\$26,170,000.00	30%
Year 6	\$26,170,000.00	40%
Year 7	\$26,170,000.00	50%
Year 8	\$26,170,000.00	60%
Year 9	\$26,170,000.00	70%
Year 10	\$26,170,000.00	80%

EXHIBIT B

STIPULATED JUDGMENT

DOCKET NO.: HHB-CV-23-6078576-S	:	SUPERIOR COURT
	:	
M360 BERLIN LAND HOLDINGS, LLC	:	JUDICIAL DISTRICT OF
	:	NEW BRITAIN
v.	:	
	:	
TOWN OF CROMWELL	:	_____, 2023

JUDGMENT BY STIPULATION

The parties in the above-entitled action hereby agree and stipulate that judgment may enter in this matter as to all issues raised herein in accordance with the following terms:

1. The assessment on the Grand List of October 1, 2022 (the “2022 Grand List”) for all of the land and improvements on the parcel of real property known as 100 Berlin Road, Cromwell, Connecticut (the “Property”), as described in the Plaintiffs’ Application (“Appeal”) dated March 29, 2023, was set by the Town of Cromwell Assessor at a fair market value of \$5,467,000.00.

2. In the interest of settlement, commencing with the Grand List of October 1, 2022, for the real estate taxes first due July 1, 2023, the assessed value of the Property shall be \$2,590,173.00 [Fair Market Value equal to \$3,700,247.00].

3. The reduced assessment shall remain in effect until the occurrence of any one of the following events, whichever occurs sooner:

- a. New structures or other improvements are built on the Property; or
- b. The Property is sold; or
- c. Commencement of a tax fixing agreement is triggered; or
- d. The next Grand List revaluation in 2027; or

- e. Reassessment is otherwise required by law.
4. Any excess taxes levied on the subject property for the 2022 Grand List and paid in July 2023, shall be applied to the January 2024 tax bill first, the remainder, if any, to be applied to the July 2024 tax bill.
5. Costs and interest shall not be taxed against either party.
6. Except as otherwise stated herein, said judgment shall be binding on the parties' heirs, successors and assigns.

THE PLAINTIFF M360 BERLIN LAND HOLDINGS, LLC By _____ Gary J. Greene Greene Law PC 11 Talcott Notch Road Farmington, CT 06032 Tel. No. 860-676-2250 Fax No. 860-676-2250 Its Attorneys	THE DEFENDANT TOWN OF CROMWELL By _____ Kari L. Olson Joseph D. Szerejko Murtha Cullina LLP 280 Trumbull Street Hartford, CT 06103 Tel. No. 860-240-6000 Fax No. 860-240-6150 kolson@murthalaw.com jszerejko@murthalaw.com Their Attorneys
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CERTIFICATE OF SERVICE

I certify that a copy of the above was or will immediately be mailed or delivered electronically or non-electronically on _____, 2023 to all counsel and self-represented parties of record and that written consent for electronic delivery was received from all counsel and self-represented parties of record who were or will immediately be electronically served.

EXHIBIT C

Legal Description of Property

PARCEL A

A certain piece or parcel of land, with the buildings and improvements thereon, situated in the Town of Cromwell, County of Middlesex and State of Connecticut, more particularly shown on a survey made by Hallisey & Herbert, Civil Engineers & Land Surveyors, which survey is on file in the Office of the Town Clerk of the said Town of Cromwell entitled "Property Survey Prepared for The Radisson Hotel Berlin Road (Route 372) Cromwell Connecticut Date Sept. 7, 1996 Revisions Sept. 18, 1996- Prop. Taking Line, Add. Imp., Misc. Notes Oct. 28, 1996- Lease Line, Zone Table, Misc. Notes Nov. 12, 1996- Misc. Notes Cert. Old San ROW Scale 1" = 40 Sheet 1 of 1 Job No. 446-02". Said parcel is more particularly bounded and described as follows:

Beginning at a C.H.D. (Connecticut Department of Transportation) monument located in the northerly line of Berlin Road (Rt. 372) and the easterly line of the Route 1-91 northbound ramp, said monument being the southwesterly corner of the parcel herein described;

Thence North 13° 50' 45" East for a distance of two hundred ninety-five and eighty-six hundredths feet (295.86') along the easterly line of I-91 to a C.H.D. monument;

Thence following a curve to the left having a deflection angle of 37° 15' 34", a radius of 352.00', and an arc length of two hundred twenty-eight and ninety-one hundredths feet (228.91') along the easterly line of I-91 to a C.H.D. monument;

Thence North 21° 13' 15" West for a distance of one hundred thirty and sixty-seven hundredths feet (130.67') along the easterly line of I-91 to a C.H.D. monument;

Thence North 23° 25' 00" West for a distance of two hundred fifty-eight and thirty hundredths feet (258.30') along the easterly line of I-91 to a C.H.D. monument in the southerly line of Christian Hill Road;

Thence North 88° 56' 13" East for a distance of seventy-five and thirty-six hundredths feet (75.36') along, and in the southerly line of, Christian Hill Road to a merestone;

Thence North 37° 23' 22" East for a distance of one hundred thirty and forty-one hundredths feet (130.41') along the southerly line of Christian Hill Road to a merestone;

Thence North 79° 48' 26" East for a distance of one hundred fifty-eight and seventy-four hundredths feet (158.74') along the southerly line of Christian Hill Road to a merestone;

Thence North 77° 28' 26" East for a distance of one hundred eighteen and sixteen hundredths feet (118.16') along the southerly line of Christian Hill Road to a merestone marking the northwesterly corner of land now or formerly of Oren J. and Dorothy G. Cleland;

Thence South 08° 53' 48" East for a distance of one hundred forty and no hundredths feet (140.00') along land of Cleland to a point being the northwesterly corner of land now or formerly of Charles B. Goodrich;

Thence South 07° 47' 55" East for a distance of one hundred fifty-four and sixty-eight hundredths feet (154.68') along land of Goodrich to a point;

Thence South 08° 27' 20" East for a distance of two hundred ninety-five and fifty-one hundredths feet (295.51') along land of Goodrich to an iron pin at the southwesterly corner of Goodrich;

Thence North 86° 31' 33" East for a distance of twenty-six and fifty-eight hundredths feet (26.58') along the southerly line of Goodrich land to a point marking the northwesterly corner of land now or formerly of Walter and Alice B. Yasny;

Thence South 04° 39' 57" West for a distance of five hundred forty-eight and twenty-five hundredths feet (548.25') along land of Yasny to a point in the northerly line of Berlin Road (Rt. 372);

Thence North 75° 52' 30" West for a distance of seventy-six and thirty hundredths feet (76.30') along the northerly line of Berlin Road (Rt. 372) to a C.H.D. monument;

Thence North 75° 52' 10" West for a distance of three hundred thirty-two and thirty-one hundredths feet (332.31') to the place and point of beginning.

PARCEL B

A certain piece or parcel land situated in the Town of Cromwell, County of Middlesex, and State of Connecticut, together with all buildings and improvements thereon, on the Southerly side of Christian Hill Road, formerly known as "Warner Road" and being more particularly bounded and described as follows:

NORTHERLY: by land now or formerly of Oren J. and Dorothy A. Cleland, Christian Hill Road, land now or formerly of Richard and Amelia R. Dinda, and land now or formerly of Brian and Diane M. Cocase, partly by each;

EASTERLY: by land now or formerly of Richard and Amelia R. Dinda, land now or formerly of Charles H. and Sophie Dickinson, and land now or formerly of Charles H. and Patricia Dickinson;

WESTERLY: by land now or formerly of Oren J. and Dorothy A. Cleland, and land now or formerly of Lydia and Sebastian Cannata, partly by each; and

SOUTHERLY: by land now or formerly of Walter and Alice B. Yasney and land now or formerly of Lydia V. and Sebastian N. Cannata, partly by each.

Reference is also made to Property Survey Prepared For Guaranteed Maintenance and Development, LLC on file in the Cromwell Town Clerk's Office as Map No. BBB-39.

Excepting therefrom that parcel conveyed by virtue a Warranty Deed from Guaranteed Maintenance and Development, LLC to Meghan P. Hodlin dated January 29, 2013 and recorded January 31, 2013 in Volume 1445 at Page 294 of the Cromwell Land Records.