

Great Pond Improvement District

Presented by:

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The Great Pond Improvement District

- The Great Pond Improvement District will be a Special Taxing District.
- It will be organized under the laws of the State of Connecticut (the “State”) including a special act that has been adopted by the legislature and signed by the governor.

A Special Taxing District

- A Special Taxing District is an independent public entity subject to many State and Federal laws governing cities and towns including annual audit requirements and the State Freedom of Information Act.
- It may provide services and infrastructure to property owners in a geographically defined area and finances those services by issuing bonds and levying taxes on people who live in the district.
- There are well over 300 special taxing districts in Connecticut.

A Special Taxing District (cont.)

- Special taxing districts have the authority to sign contracts with cities and towns, called interlocal agreements, to jointly conduct operations and services or to share facilities, personnel and revenue.
- A special taxing district is created and run by the residents who live in the district and the owners of the property in the district.
- People who own property in a special taxing district pay property taxes to the city or town in which it is located just like any other property owner in the city or town and also may pay taxes to the district to finance any services that the district provides to the district residents.

Management of Great Pond Improvement District

The Great Pond Improvement District (the “District”) once it is established, will be managed by a board of directors, four (4) of which will be elected by the voters who live or own property in the District and one (1) of which will be appointed by Windsor’s town council.

The Purpose of Great Pond Improvement District

- The purpose of the District is to construct and finance the public infrastructure and improvements necessary to develop Great Pond Village.
- The District will finance the construction of the public infrastructure and improvements by the issuance of bonds (the “Bonds”).
- The Bonds are proposed to be repaid with a portion of the incremental tax revenues collected by the Town from the owners of property in the District and which incremental revenues the Town will pay to the District.

The Purpose of Great Pond Improvement District (cont.)

- Incremental tax revenues are tax revenues collected by the Town on property in the District that are attributed to the increase in value created by new construction of Great Pond Village.
- The obligation of the District to construct the public improvements and the obligation of the Town to make the payment of a portion of the incremental tax revenue will be set forth in a contract between the Town and the District.
- The proposed portion of incremental tax revenues the Town would pay to the District will be no more than 50% of the incremental tax revenue it collects.

Frequently Asked Questions

1. Will the people who live in the Great Pond Improvement District continue to pay taxes to the Town and to the State?

Yes, the people who live in the District are also residents of the Town and the State. Accordingly, they will pay the same taxes to the Town as any other person who lives in the Town and the same taxes to the State as any other person who lives in the State.

Frequently Asked Questions (cont.)

2. Will the Town's taxes go up so that the Town can pay a portion of the incremental taxes to the District under the Interlocal Agreement?

No. The Town's taxes will not go up to pay a portion of the incremental taxes to the District. Under the proposed Interlocal Agreement, the Town will agree to pay the District only with a portion of the new taxes generated from an increase in the property value of the District created by the construction of Great Pond Village (the incremental taxes). If the incremental taxes received by the District are not enough to pay debt service on the Bonds, the difference between the amount that is paid by the Town to the District and the amount that the District has to pay for debt service on the Bonds will be paid by the District from special benefit assessments on the property.

Frequently Asked Questions (cont.)

- 3. What happens if the District doesn't pay debt service on the Bonds? Is there an obligation of the Town to pay debt service on the Bonds if the District does not pay?**

No, the Town has no obligation to bondholders to pay the debt service on the Bonds. The investors will be told before they buy the District's Bonds that the Bonds are not obligations of the Town. The obligation to pay debt service on the Bonds is solely the obligation of the District.

If there is a default on the payment of debt service on the Bonds, bondholders have the option to foreclose on the property in the District. The bondholder's sole right is to receive the foreclosure proceeds, if and when received, the benefit assessments, if and when received by the District and the incremental taxes which the Town has agreed to pay in the Interlocal Agreement, if and when received by the District.

Frequently Asked Questions (cont.)

4. Will the Town's bond rating be affected if the District defaults on the payment of debt service on the Bonds?

No, there is no evidence that a town's bond rating has been affected from a default on bonds issued by a special taxing district located in such town. Over the last 20 years hundreds of improvement districts have been formed nationally for purposes similar to Great Pond Improvement District and there have been only a few defaults by districts. In such prior instances of district default, the town in which the district was located was not downgraded.

Frequently Asked Questions (cont.)

5. What does the Town gain by agreeing to pay the Great Pond Improvement District a portion of the incremented taxes?

The Town and the residents of the Town get approximately \$140,000,000 in public infrastructure and improvements including new streets and sidewalks, utilities, public parks and recreational facilities. Additionally, upon completion of Great Pond Village, the Town stands to gain approximately \$26,500,000 in net revenue over a twenty year period. This projected net revenue amount is after all of the costs are paid to provide services to Great Pond Village (police, fire, schools, public works and other town services) as well as the cost for public infrastructure improvements. After the Bonds are paid off, the Town will keep all of the incremental tax revenue paid by the residents of the District. A fiscal impact analysis report is posted on the Town's website which supports these estimates.

Frequently Asked Questions (cont.)

6. Are the District's Bonds paying for all of the public infrastructure and improvements in the Great Pond Improvement District?

No, the Developer of Great Pond Village is investing over \$1 Billion of equity to be used for various public improvements including, but not limited to, the environmental cleanup and the purchase of the land which will comprise the District.

Questions?

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