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May 14, 2013

Hon. Andrea L. Stillman
Legislative Office Building
Room 3100
Hartford, Connecticut 06106

Hon. Elizabeth Ritter
Legislative Office Building
Room 3004
Hartford, Connecticut 06106

Hon. Daniel Steward
First Selectman
Town of Waterford
Fifteen Rope Ferry Road
Waterford, Connecticut 06385

RECEIVED
SELECTMAN'S OFFICE
13 MAY 16 PM 1:30

Dear Senator Stillman, Representative Ritter and First Selectman Steward:

I represent Seaside in Waterford, LLC ("Developer"), the developer of the former Seaside Regional Center in Waterford (the "Project"). The purpose of this letter is to clarify certain misconceptions concerning the development of the Project which were set forth in a May 11, 2013 article in *The New London Day*. With so much at stake for my client, the Town and the State, I believe that it is imperative that these misconceptions be clarified and that the record be set straight.

Since the Developer first envisioned this Project in 1999, the estimated cost of the required infrastructure improvements has escalated dramatically. The Developer estimates the extraordinary infrastructure costs totaling \$8.5 million. As an example, the cost to repair the seawall is in excess of \$2.0 million. Since 1999, the lending environment has changed considerably. While Mr. Steiner has identified several sources of financing for the more conventional costs associated with this project, these sources are unwilling to finance the extraordinary infrastructure costs. Indeed, any development

with this level of extraordinary infrastructure costs would need an alternative financing vehicle.

Under these circumstances, these costs are commonly financed with bonds. There are many instances where the developer approaches the public sector for assistance with these types of costs; however, my client does not wish to burden the Town with this responsibility and, instead, decided to pursue the issuance of bonds itself by means of the creation of a special tax district, which requires an act of the Legislature. The Developer drafted a bill for this purpose.

All of this was discussed at a meeting among First Selectman Steward, Town Attorney Robert Avena, Town Attorney Nicholas Kepple, Mark Steiner and me on April 8, 2013. The Town representatives acknowledged the conditions and the need for the district. The letter dated April 9, 2013 from you, First Selectmen Steward to you, Senator Stillman and Representative Ritter, was the product of this meeting and their understanding of the need for the district.

Stephen Percy, a concerned neighbor and resident of Waterford who has been actively involved in Town matters (most recently on the Charter Revision Commission) attended the meeting on April 8. He has confirmed that the April 9th letter represents the consensus that was reached by the parties at the conclusion of the meeting. That letter contains no equivocation with regard to the Town's support for the creation of the Seaside Improvement District.

As you know, existing law permits the creation of special taxing districts and, in fact, many such districts exist, particularly in shoreline communities. However, existing law does not allow for the creation of a district prior to the time at which voters reside in such district, which is why the Developer proposed new legislation. The precedent for this was Special Act 11-8 which created two special taxing districts in Windsor. Like Seaside, there were no residents in either of the districts at the time they were created. Special Act 11-8 passed with no dissenting votes in either chamber, and the bill was subsequently signed by the Governor.

The language in the proposed Seaside bill is substantially the same as in Special Act 11-8. The most significant change to Special Act 11-8 is to postpone the creation of the district until after the transfer of the Property, in recognition of the fact that the Property is currently owned by the State. The response to what First Selectman Steward described as his "biggest problem" is that if the Developer does not purchase the Project, no special taxing district can be created while the Property is still owned by the State. This, too, was discussed at the April 8th meeting. In fact, as a result of that meeting, several changes were made to the proposed bill at the suggestion of the Town to allay its concerns and to secure the April 9th letter of support.

It is worth noting that, prior to enactment of Special Act 11-8, there was no public hearing, nor was there any vote or any other action taken by the Town of Windsor. The only action was a letter from the Town Manager. Like the letter from Mr. Steward, it

indicated general support for creation of the district. In sum, the proposed Seaside bill faithfully follows the precedent set by Special Act 11-8.

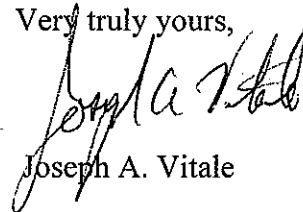
As noted, Special Act 11-8 did not provide for a public hearing, nor a meeting or vote of elected officials. However, in recognition of Senator Stillman's concern that the public have an opportunity to comment prior to the creation of such a district, the bill has been revised to include a public hearing prior to the creation of the district. A copy of the revised bill including this language is attached.

In short, I submit that the foregoing addresses all of the concerns which surfaced in the May 11th article in *The New London Day*: the district cannot be created until the State sells the Property. In addition, prior to the creation of the district, a public hearing will be held to allow the public to have an opportunity to comment.

I hope this clarifies any misconceptions concerning the creation of the district, and thus will allow the enactment of the Seaside bill. There is much at stake. My client's commitment to the productive re-use of Seaside is absolute. He has invested nearly 15 years and millions of dollars in the potential development. It is worth noting that when the State re-bid the sale of Seaside in 2010, there was little interest, most likely because of the complexities involved in developing this property.

The Town and the State also have much to gain. The Town stands to reap a substantial increase its tax revenues, and the State of Connecticut will receive \$8.0 million in proceeds upon the sale. Nevertheless, without the creation of the taxing district, it is unlikely that anyone will see any gain. Rather, the property will continue to decay. My client wishes to avoid that result.

Very truly yours,



Joseph A. Vitale

Cc: Stephen Percy
Robert Avena, Esq.
Nicholas Kepple, Esq.
Mark Steiner