FIXED ASSESSMENT AGREEMENT

RECITALS

- A. The State of Connecticut (the "State") owns two parcels of real property: (1) a parcel comprised of approximately 77.39 acres designated as Map ID 261960386767E and located at 240 Oral School Road in Old Mystic Connecticut (the "School Parcel") and a parcel comprised of approximately 7.89 acres designated as Map ID 261906297210E and located at 0 Oral School Road in Old Mystic, Connecticut (the "Adjacent Parcel"). The former Mystic Oral School is located on the School Parcel.
- B. On December 15, 2017, the Town, in conjunction with the State, issued Request for Proposals # 18-25 (the "RFP") soliciting proposals from experienced developers for the redevelopment of the Adjacent Parcel and part of the School Parcel, known as the Mystic Education Center Project (the "Project").
- C. The RFP provided that the State would transfer to the selected developer the Adjacent Parcel and approximately 39.81 acres of the State Parcel, (the "Property"), in connection with the Project.
- D. On February 15, 2018 the Developer provided a response to the RFP and was ultimately selected by the State and Town.
- E. The Developer and the State have entered into a Purchase and Sale Agreement effective November 13, 2019 (the "PSA") which contemplates the conveyance of the Property and the Adjacent Parcel to the Developer on or before sixty (60) days after all contingencies and conditions precedent contained therein are satisfied (the "Closing"). The Developer has the right under the PSA to terminate the PSA for a period up to eighteen (18) months (with an additional two (2) year period if an appeal is taken) from the effective date of the PSA (the "Contingency Period") if Developer has not obtained certain Governmental Approvals defined therein.
- F. Prior to the effective date of the PSA, it was discovered that significant damage to the buildings located on the Property had occurred as the result of vandalism and weather conditions.
- G. The State required the Developer to enter into a lease of the Property on or about October 17, 2019 (the "Lease"), for the limited purpose of allowing the Developer access to the Property to secure and maintain the buildings located thereon throughout the Lease term, which expires on the date of the Closing or earlier termination of the PSA.
- H. The State, as a governmental entity, is not subject to the levy of municipal taxes on the Property; nevertheless, the Lease provides that the Developer is responsible for any

{!02080600.DOCX; v.}

- municipal real estate taxes, assessments or special assessments or similar charges during the Lease term.
- I. Pursuant to Connecticut General Statutes section 12-19a, the State has paid the Town a grant and/or payment in lieu of taxes to offset the impact that results from the Town's inability to tax the Property as a result of the State's ownership thereof in the amount of approximately \$25,000.00 per year (the "Grant Payment").
- J. Under the terms of the Lease, the Developer will not occupy the Property, but may access the Property to prevent vandalism and to repair and prevent further damage to the Property caused by natural elements.
- K. On February 4, 2020, the Groton Town Council approved a Development Agreement (the "**Development Agreement**") with the Developer for the development of the Project and authorized the Town Manager to take all steps necessary, including signing the Development Agreement, to effectuate the aforementioned Project.
- L. The Developer and the Town entered into the Development Agreement effective February 11, 2020. Sections 5.07(b) and 9.02 of the Development Agreement provides, in part, that the Town and the Developer shall enter into a Tax Agreement limiting the annual real estate and personal property taxes assessed against the Property as a result of the Lease to no more than \$25,000.00. The Parties agreed that any such Tax Agreement or written assurance shall terminate upon the expiration of the Fixed Assessment Period as defined in Section 1.1.3 of this Agreement.
- M. Connecticut General Statues Section 12-65b, as amended, provides that, subject to the approval of the municipality's legislative body, a municipality can enter into an agreement to fix the assessments of real property for a period not to exceed ten years.
- N. The Town deems it proper and appropriate to enter into this Agreement to provide tax incentives to the Developer in accordance with Connecticut General Statutes Section 12-65b, as amended.
- O. The Developer, acknowledging the Property is taxable following the Closing but without acknowledging that its limited access rights under the Lease prior to the Closing would subject the Property to municipal taxes, is willing to enter into this Agreement as an inducement and incentive to Developer to undertake the Project.
- P. On November 4, 2020, the Groton Town Council has adopted a resolution authorizing the Town to enter into this Agreement.
- Q. Town and Developer now desire to enter into this Agreement to stabilize and fix the assessment of certain ad valorem real estate taxes that will be levied on the 240 Oral School Parcel, in the event that the Developer's limited access rights under the Lease subjects the State to the levy of municipal property taxes on the Property, under State statutes, as well as during the Developer's ownership of the Property following the Closing for a limited time period as set forth above in Recital L.

NOW, THEREFORE, in consideration of the mutual promises contained herein, Town and Developer hereby agree as follows:

ARTICLE I - DEFINITIONS

- Section 1.1. Capitalized terms used and not defined herein shall have the definitions ascribed to them as set forth below:
- 1.1.1 "Assessment Year" shall mean a twelve-month period commencing on October 1st and ending on the following September 30th.
- 1.1.2 "Fixed Assessment" shall refer to Town's conferral, under Connecticut General Statutes 12-65b, as amended, of a fixed real property assessment on the Property, for a given year of the Fixed Assessment Period, as is set forth in Section 2.1.
- 1.1.3 "Fixed Assessment Period" shall refer to the period of time described in the Development Agreement for the fixed real property assessment which period of time shall commence as of the date of this Agreement and terminate as of the earliest date of the following occurrences: (a) the day prior to the effective date of the credit enhancement agreement contemplated in the Development Agreement or any similar or alternative funding mechanism, including a tax abatement agreement, if such similar or alternative funding mechanism is mutually agreed upon by the parties; (b) one year following acquisition of the Property by Developer; or (c) the date of issuance of a building permit for the construction of any improvements in the First Phase of Developer Improvements as defined in the Development Agreement, having an estimated value in excess of \$400,000.00, but specifically excluding any environmental investigation, remediation or abatement work. Notwithstanding anything herein to the contrary, in no event shall the Fixed Assessment Period last more than five (5) successive Assessment Periods following commencement of this Agreement.
- 1.1.4 "Material Default" shall mean the failure of a party to perform a material covenant or agreement, or to observe a material term or condition, contained in this Agreement which after notice to that effect, the party fails substantially to rectify the same within thirty (30) days after receipt of notice and such an additional reasonable time period as is necessary to rectify the matter if the nature of such non-compliance cannot be reasonably cured within said thirty (30) day period provided the party initiates the cure thereof within said thirty (30) day period and thereafter diligently prosecutes such cure.
 - 1.1.5 "Project" shall have the meaning set forth in the Development Agreement.

ARTICLE II - TAX MATTERS

Section 2.1. Fixed Assessment. Town and Developer agree that the Fixed Assessment for the Property shall be fully effective during the Fixed Assessment Period. During the Fixed Assessment Period, if it is determined that under applicable law the Property is subject to the levy of real property taxes as a result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part) or Developer's acquisition or ownership of fee title to the Property, Town shall establish the assessment of the Property at a Fixed Assessment amount for each Assessment Year which shall result in \$25,000.00 in real property taxes due and

owing to the Town for such Assessment Year with respect to the Property, which real property taxes will be deemed paid in full if the full \$25,000 Grant Payment is received by the Town from the State of Connecticut for the applicable Assessment Year. If an event occurs during, but after October 1 of, any Assessment Year which triggers payment of taxes pursuant to section 2.3 hereof, the Town's Assessor shall have authority to issue a supplemental tax bill at any time to retroactively charge and/or recoup the real estate tax payment due under section 2.3 hereof for such Assessment Year.

Section 2.2. Intentionally omitted.

Section 2.3. Real Estate Tax Payment. During the Fixed Assessment Period, if it is determined that (a) the Property is subject to municipal taxes under applicable law as the result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part) or the Developer's acquisition or ownership of fee title to the Property; and (b) the Grant Payment has ceased or been reduced as a result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part), Development Agreement, and/or the Purchase and Sale Agreement, Developer agrees to pay for each tax year an ad valorem real estate tax payment for the Property in the amount of \$25,000.00 (or in the case of reduction of the Grant Payment, the difference between \$25,000 and the reduced Grant Payment). Notwithstanding the Town's typical semi-annual real estate tax billing procedure, Developer shall make the entire tax payment, required hereunder, in one installment to the Town no later than July 30th of the assessment year for which such tax payment is due or otherwise shall be subject to penalty interest of eighteen (18%) percent per annum for late payment on the amount due and owing. For example, if an ad valorem real estate tax is due for the assessment year commencing October 1, 2021, full payment of such tax shall be made by no later than July 30. 2022.

Notwithstanding anything herein to the contrary, and by way of illustration to avoid ambiguity: in the event the Town determines that the Property is subject to municipal taxes under applicable law as the result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part) or the Developer's acquisition or ownership of fee title to the Property for a given Assessment Year, but the Town receives the full \$25,000 Grant Payment for the same Assessment Year, the Developer's obligation to pay the \$25,000 tax payment shall be deemed paid in full as a result of such Assessment Year. In the event the Town determines that the Property is subject to municipal taxes under applicable law as the result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part) or the Developer's acquisition or ownership of fee title to the Property for a given Assessment Year, but the Town receives a portion (less than \$25,000) of the Grant Payment for the same Assessment Year as a result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part), the Development Agreement, and/or the Purchase Agreement, the Developer's obligation to pay the \$25,000 tax payment shall be offset by the portion the Grant Payment received by the Town for such Assessment Year such that Developer shall only be required to pay the difference between \$25,000 and the reduced Grant Payment for such Assessment Year. In the event the Town determines that the Property is subject to municipal taxes under applicable law as the result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part) or the Developer's acquisition or ownership of fee title to the Property for a given Assessment Year, but the Town receives no

portion of the tax payment for the same Assessment Year, as a result of the Lease (including, without limitation, any sublease or assignment of the Lease in whole or in part), the Development Agreement, and/or the Purchase and Sale Agreement, the Developer shall be obligated to pay the full \$25,000 Grant Payment for such Assessment Year. If the State is not the owner of the Property as of the commencement of any Assessment Year, the Town shall have no obligation to apply for the Grant Payment from the State for such Assessment Year, and the Town's failure to make such application shall not alleviate Developer from the \$25,000 tax payment due under this section 2.3 for such Assessment Year.

ARTICLE III - COVENANTS AND CONDITIONS AND STATE GRANTS

- <u>Section 3.1.</u> <u>Developer Covenants</u>. The Developer agrees to the following:
- 3.1.1 Developer will comply with the terms of the Development Agreement as may be amended.
- 3.1.2 Developer agrees that during each year of the Fixed Assessment Period, it will maintain the Property in substantially its current condition, reasonable wear and tear accepted, and conduct the necessary Due Diligence so that, upon Closing, the Property will be used for one or more of the uses enumerated in Section 12-65b(b) of the Connecticut General Statutes.
- Section 3.2. Developer, at the request of Town, shall furnish Town with information substantiating the satisfaction of those terms of the agreements set forth in Section 3.1.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

- <u>Section 4.1.</u> <u>Town Representations and Warranties</u>. Town hereby represents and warrants to Developer as follows:
- 4.1.1 This Agreement is in material compliance with Town Charter and ordinances and with the Connecticut General Statutes, et seq. and all other applicable local and State law.
- 4.1.2 Town is a municipality duly organized and operating under the laws of the State.
- 4.1.3 Town has the power to enter into this Agreement and to carry out its obligations hereunder.
- 4.1.4 The execution and delivery of this Agreement, the conferral of the Fixed Assessment to Developer, the performance of its other obligations contained in this Agreement, the consummation of the other transactions contemplated hereby, and the fulfillment of the compliance with the terms and conditions of this Agreement, by Town are not prevented by or result in a breach of, the terms, conditions or provisions of Town Charter, any statute, law, ordinance or regulation by which Town is bound, or any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Town is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

- 4.1.5 This Agreement has been duly authorized by the Town Council, and is a valid and binding obligation of the Town, and is enforceable in accordance with its terms against the Town.
- 4.1.6 The Town's Town Manager is authorized to execute and deliver this Agreement in such capacity.
- 4.1.7 There is no claim or litigation, or to the best of Town's knowledge, threat of any claim or litigation, against Town with respect to its execution and delivery of this Agreement or otherwise pertaining to the conferral of the Fixed Assessment or any other matter contained in this Agreement.
- Section 4.2. <u>Developer Representations and Warranties</u>. Developer hereby represents and warrants to Town as follows:
- 4.2.1 Developer is a limited liability company organized under the laws of the State of Connecticut and is in good standing with the Secretary of the State of Connecticut and is qualified to transact business in the State of Connecticut.
- 4.2.2 Developer has the power to enter into this Agreement to carry out its obligations hereunder.
- 4.2.3 The execution and delivery of this Agreement, the performance of the obligations of Developer contained in this Agreement, the consummation of the other transactions contemplated hereby, and the fulfillment of the compliance with the terms and conditions of this Agreement by Developer are not prevented by or result in a breach of, the terms, conditions or provisions of any statute, law, ordinance or regulation by which Developer is bound, or any contractual restriction, financing, agreement or instrument of whatever nature to which Developer is now a party by which it is bound, nor do they constitute default under any of the foregoing.
- 4.2.4 This Agreement has been duly authorized by Developer, and is a valid and binding obligation of Developer and is enforceable in accordance with its terms against Developer.
- 4.2.5 The member of Developer executing this Agreement is authorized to execute and deliver this Agreement, in such capacity.
- 4.2.6 There is no claim or litigation, or to the best of Developer's knowledge, threat of any claim or litigation, against Developer with respect to its execution and delivery of this Agreement, the conferral of the Fixed Assessment or any other matter contained in this Agreement.
- 4.2.7 There are no actions, suits or proceedings pending or, to the best of Developer's knowledge, threatened against or affecting the Developer or before any arbitrator or any governmental body in which there is a reasonable possibility of an adverse decision which could materially affect the ability of Developer to perform its obligations under this Agreement.

ARTICLE V - DEFAULT

Section 5.1. Town Default. In the event of Town's Material Default of any of provisions of this Agreement (after notice and the opportunity to cure), in addition to the rights and remedies set forth in Section 2.2 herein if applicable, Developer shall be entitled to all rights and remedies at law or in equity.

Section 5.2. Developer Default. In the event of a Material Default arising from the Developer's violation of any provision of this Agreement (after notice and the opportunity to cure), then the Town, as its sole and exclusive remedy, shall be entitled to terminate this Agreement, including without limitation, the Fixed Assessment. In addition, the Town shall be entitled to recapture all payments due hereunder as of the date this Agreement is terminated.

ARTICLE VI - MISCELLANEOUS

<u>Section 6.1.</u> <u>Notices.</u> All notices and requests required pursuant to this Agreement shall be sent by personal delivery, overnight courier, or certified mail as follows:

To Town:

Town of Groton 45 Fort Hill Road Groton, CT 06340 Attn: Town Manager Phone: 860-441-6633

Fax:

Email: jburt@groton-ct.gov

With copies at the same time to:

Suisman Shapiro 2 Union Plaza, Suite 200, P.O. Box 1591 New London, CT 06320

Attn: Eric W. Callahan, Esq. Phone: (860) 442-4416

Facsimile: (860) 442-0495 Email: ecallahan@sswbgg.com

To Developer:

Respler Homes, LLC Attn: Jeffrey Respler 833 Glen Drive Woodmere, NY 11598

Email: Jeff.respler@resplerhomes.com

Phone: (646) 321-9290

With copies at the same time to:

Pullman & Comley, LLC 90 State House Square Hartford, CT 06103 Attn: Gary B. O'Connor, Esq. Telephone: (860) 424-4366

Facsimile: (860) 424-4370 E-mail: goconnor@pullcom.com

or at such other addresses as the parties may indicate in writing to the other by personal delivery, overnight courier, or certified or registered mail, return receipt requested, with proof of delivery thereof Notices and requirements shall be deemed delivered to the address set forth above (a) when delivered in person on a business day, (b) on the same business day received if delivered by overnight courier, or (c) on the third business day after being deposited in any main or branch United States Post Office when sent by registered mail, return receipt requested.

Section 6.2. Amendment. This Agreement sets forth all the promises, inducements, agreements, conditions, and understandings between Developer and Town relative to the fixing of the assessments on the Property and there are no promises, agreements, conditions, or understandings, either oral or written, express or implied, between them related thereto, other than as herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding on the parties hereto unless authorized in accordance with law and reduced in writing and signed by them.

Section 6.3. Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, and subject to the terms of this Section, failure of either party hereto to perform its obligations under this Agreement shall not constitute a Material Default, default, breach or violation of this Agreement and no disqualification shall occur as a result thereof, if any such failure or delay is due in whole or in part to acts of God; acts of public enemy; war; riot; sabotage; blockage; embargo; failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority; labor strikes, lockouts or other labor or industrial disturbance (whether or not on the part of agents or employees of either party hereto engaged in construction related to the Project); civil disturbance; terrorist act; power outage; fire, flood, windstorm, hurricane, earthquake or other casualty; any law, order, regulation or other action of any governing authority; any action, inaction, order, ruling moratorium, regulation, statute, condition or other decision of any governmental agency having jurisdiction over the party hereto, over the construction anticipated to occur in connection with the Project or over any

uses thereof, or by delays in inspections or in issuing approvals by private parties or permits by governmental agencies not occasioned by the party: provided however, that the financial or fiscal inability of a party hereto to perform any of its obligations, agreements or other undertakings, or to observe any term or condition contained in the Agreement, shall not constitute "Force Majeure"; and further provided, however, that the occurrence of an action, circumstance, condition or event which gives rise to "Force Majeure" shall not excuse, but merely shall delay as provided in this Agreement, the performance of the covenant, obligation or other undertaking, or the observance of a term or condition, contained in this Agreement by the party hereto relying on "Force Majeure" for such purposes.

Section 6.4. Severability. The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions, which shall remain in full force and effect to govern the parties' relationship.

Section 6.5. <u>Jurisdiction</u>. In the event a legal action is brought to enforce any provision of this Agreement, the jurisdiction shall be a court of competent jurisdiction located in the State of Connecticut. The prevailing party in any such legal action shall be entitled to recover its reasonable attorneys' fees, arbitration and court costs.

[No further text on this page – signature page follows]

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

TOWN OF GROTON

Suit Otas	
Lisatty trong	
Isnaine Als	

May Mey

John Burt, Town Manager, Town of Groton

RESPLER HOMES, LLC
a Connecticut limited liability company

By:

Title:

MARGARITA NEMETS
NOTARY PUBLIC, State of New York
No. 01NE6074534
Qualified in Kings County
Term Expires 05/20/2023

{!02080600.DOCX; v.}1010

SCHEDULE A

Legal Description

(attached)

SCHEDULE A

0 Oral School Parcel

ALL THAT CERTAIN piece or parcel of land, together with the buildings and improvements thereon, situated in the Town of Groton, County of New London and State of Connecticut, being bounded and described as follows:

BEGINNING at the northwesterly corner of the premises at land now or formerly of Laura Pickering and THENCE running easterly and southerly by the line of a private way leading past the Mystic Oral School for the Deaf Corporation to land now or formerly of Elizabeth Williams; THENCE westerly, northerly and southerly by land now or formerly of said Elizabeth Williams to land now or formerly of said Laura Pickering; THENCE westerly by said Pickering land to the southwesterly corner of these described premises; THENCE northerly by said Laura Pickering land to a private way at the place of beginning, containing seven (7) acres, more or less.

Said premises being commonly known as 0 Oral School Road, Groton, Connecticut.

240 Oral School Parcel

ALL THOSE CERTAIN pieces or parcels of land, together with the buildings and improvements thereon, situated in the Town of Groton, County of New London and State of Connecticut, being more particularly bounded and described as follows:

PIRST TRACT On the north by lands now or late of the heirs of Hannan Bostwick; on the east and south by lands now or late of Clark P. Brown; on the west by land now or late of Charles L. Kinney, containing about twenty (20) acres of land being the same more or less (said property being known as the Mystic Oral School property formerly the Whipple Home School property)——together with all and singularly the temements, hereditaments, and appurtenances thereouto belonging or in any way appertaining, and the reversions, remainders, rents, issues, and profits thereof. Said tract of land being conveyed to the Mystic Oral School for the Deaf Corporation by Clara M. Hammond McGuigan of Philadelphia, Pa. by quit-claim deed dated May 4th, 1800 and recorded in Book 40, Page 547 of the Groton Land Records.

CONTINUED

THIRD TRACT Beginning at the mortheast corner of lands conveyed to Lucien C. Allen by Alice H. Damon by deed dated April 24th, 1904 at a drill mark (T) on the bottom stone of a wall on the west line of lands lately owned by Charles D. Williams and running thence north 16° 47' east with said wall 558 7/10 feet; thence north 15° 50' east with said wall 275 feet; thence north 15° 27' east with said wall 130 feet; the noe north 14° 27' East with said wall 236 feet to lands now or lately owned by Nathan Holloway; thence north 76° 51' west with the wall and said Holloway's lands 225 3/10 feet; thence north 45° 42' west with the wall 90 85/100 feet; thence north 26° 41' west with the wall 84 25/100 feet; thence north 7° 3' west 78 3/10 feet to land now or lately owned by Alfred Bostwick; thence north 76° 7' west with the wall and said Bostwick land 329 feet to land now or lately owned by the Mystis Oral achool for the Deaf; thence south no degrees 25' west with said Oral School Land 1134 5/10 feet to the southeast corner of said Oral School land; thence north 84° 6' meat bounded north by said Oral School land 356 15/100 feet to a wall running southerly; thence south 2° 1' west with said wall 400 75/100 foot to a mero-stone and being a corner of the said land conveyed to said Lucian 0. Allen by the party of the first part; thence morth 89' 55' sast 242 6/10 feet to a drill mark (T) on bottom stone of an old farm wall; thence continuing the same course and with the wall 265 feet to another drill mark; thence combining the same course to the drill mark (T) on the bottom stone of the wall on the westerly line of the said Charles D. Williams land being the place of beginning containing 18 95/100 agree more or . less; together with a right of way to the above described lands across the said lands heretofore conveyed by said Alice H. Damon to said Lucian O. Allen by deeds dated April 21, 1904 from a private road or way through the bar way a short distance north of the northwest corner of the (north field) and a short distance south of the mere-stone mentioned in the foregoing description at or near the old roadway across said Allen's land being the same right of way reserved by said Alice H. Demon in said deeds to said Tucisn O. Allen and together with the rights reserved by said Alice H. Damon hereto and in favor of the owner of the herein described premises which rights are set forth in said Lucian D. Allen's deed wherein and whereby the particular location and wigth of said reserved way is to be adjusted and agreed upon by the owner of the premises hereby conveyed and by the owner of the premises conveyed by said meed to said Allen. Said tract being conveyed to the Mystic Oral School for the peaf by Alice H. Danon by Warranty deed dated December 9th; 1909 and recorded in Book 51, Page 531 of the Groton Land Records.

FOURTH TRACT Beginning at the southwest corner of the premises adjoining lane or private way rurning easterly by north side of said lane; thence northerly by land of Chara Hammond; thence westerly by lands of John and Andrew Mison; thence southerly by said Mason's land to the place of beginning containing about one (1) acre of land. Said tract of land being obtained by said Mystic Oral School for the Deaf Corporation from Mary C. Wilcox by warranty deed dated October 27th, 1917 and recorded in Book 55, Page 655 of the Broton Land Records.

{!02080600.DOCX; v.}