

~AD HOC REPORT~

DRS Technologies

Monday, August 23, 2010

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Chairman Shay Nagarsheth called the meeting to order at 6:15 p.m. on Monday, August 23, 2010, in the Caucus Room, 3rd Floor, Danbury City Hall. Present were Committee members Benjamin Chianese and Nancy Deep-Damici. Also present were Mayor Mark D. Boughton; Laszlo L. Pinter, Deputy Corporation Counsel; Dennis I. Elpern, Director Planning & Zoning; Wayne Sheppard, Mayor's Office; Dan Garrick, Assistant Finance Director; Jeff Armstrong, General Manager of DRS Technologies; and, members of the public.

Chairman Nagarsheth asked Les Pinter to explain the purpose of the evening's meeting. Attorney Pinter explained the options the Committee had with regard to recommendations to the City Council: accept and approve the application/contract, determine what conditions/issues need to be addressed, reject the application/contract with conditions and send it back to the Planning Department for reconfiguration and the applicant would reapply. Mr. Armstrong's company has a desire to expand its facility, made an application with an opportunity to have the taxes deferred for a certain period of time, the application was submitted to Dennis Elpern who reviewed it and sent a letter to the Mayor and the City Council with his recommendations. There are other elements as well: the Tax Assessor determines whether the components of the construction and the components of the personal property that is seeking to be deferred comply with what she can properly give as an assessment benefit; timeframes are involved wherein the company has to indicate when they will commence construction and when they will complete construction. There is no assessment benefit until both the Planning Department and the Building Department have signed off. The Assessor will then determine the amount of a valid assessment that can be deferred based upon information provided by the company. If the new construction is intended to be at least \$3 million, a 7-year assessment deferral can be obtained. DRS Technologies is seeking two kinds of deferrals: real estate and personal property. There will be two contracts. Mr. Armstrong distributed and reviewed with the Committee materials which gave an overview of the company and its upcoming needs. DRS Technologies is a defense company with approximately 11,000 employees in the U.S. and several overseas, but is primarily a U.S. company. 90% Department of Defense/Department of Homeland Security type work. In 2008, an Italian company whose revenues are approximately \$20 billion bought DRS Technologies. Together, the revenues are approximately \$23 billion and 70,000 employees. The main plant in Danbury is approximately 67,000 square feet with approximately 195 employees. The Shelter Rock Lane facility is approximately 18,000 square feet with 45 employees. The building has been leased for approximately 10 years. In the past three years, employment has grown approximately 20%. A 5% growth is being projected over the next five years. The main plant is undersized. The desire is to increase the square footage of the main plant with an eye towards future growth and eliminate the need for the Shelter Rock Lane facility. Another option for DRS Technologies would be to sell the main plant and move the company to their facility in Hudson, Mass. Mayor Boughton noted that DRS Technologies has been a long-standing presence in the City of Danbury. They have been a solid employer in terms of being able to maintain their employment level. He was in favor of the expansion. Mr. Sheppard pointed out that DRS Technologies currently interacts and supports local companies. Councilwoman Deep-Damici asked what was the total deferment. Mayor Boughton estimated approximately \$70,000 per year for 7 years. Chairman Nagarsheth asked what other companies have been given similar deferrals. Mayor Boughton said Mankind, the ice arena, GE Capital, to name a few.

A motion was made by Councilman Chianese and seconded by Councilwoman Deep-Damici that the Ad Hoc Committee recommend the Council accept and approve the application as presented for a 7-year deferment conditional upon the company meeting all the necessary requirements for both real estate and personal property improvements. The motion carried unanimously.

A motion to adjourn was made by Councilwoman Deep-Damici and seconded by Councilman Chianese. The motion carried unanimously at 7:00 p.m.

Respectfully submitted,

Shay Nagarsheth, Chairman

Nancy Deep-Damici

Benjamin Chianese



RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2010

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS, pursuant to CGS Section 12-65b and Code of Ordinances Section 18-25, DRS Technologies, Inc. has applied for a deferral of assessment increase for property at 21 South Street; and

WHEREAS, the City of Danbury Planning Department has reviewed and recommended to the City Council a deferral in accordance with stipulations contained in the ***Agreement to Defer Increase in Tax Assessment*** attached hereto; and

WHEREAS, it is in the best interest of the City of Danbury to offer said assessment deferral pursuant to the intent of the State and local law.

NOW, THEREFORE, BE IT RESOLVED THAT Mark D. Boughton, Mayor of the City of Danbury, be and hereby is authorized to execute and record the ***Agreement to Defer Increase in Tax Assessment between the City of Danbury and DRS Technologies, Inc.***, pursuant to the approvals and conditions contained therein and in accordance with the provisions of law.

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AGREEMENT TO DEFER INCREASE IN TAX ASSESSMENT

This is an Agreement entered into this _____ day of _____, 2010, by and between DRS Technologies, Inc., (hereinafter "DRS") in the City of Danbury, County of Fairfield, State of Connecticut and the City of Danbury, a municipal corporation organized and existing under the laws of the State of Connecticut (the "City").

WHEREAS, DRS applied to the City under § 18-25 of the Code of Ordinances for a deferral of assessment increases for certain property which DRS proposes to develop as additional corporate headquarters space; and

WHEREAS, said application is attached hereto as Schedule A and incorporated herein by reference, and is hereinafter referred to as the "Application"; and

WHEREAS, the property which DRS proposes to improve/develop is located at 21 South Street, Danbury, Connecticut, and has Tax Assessor Map Lot Numbers of K15080 and K15081 (the "Property"); and

WHEREAS, the Property has an assessed value on the October 1, 2009 grand list of Two Million Seven Hundred Thirty Nine Thousand Four Hundred Dollars and 00/100 (\$2,739,400.00); and

WHEREAS, on September 9, 2010, the City Council of the City of Danbury ("Council") approved a proposed assessment deferral Application between the City and DRS, pursuant to which DRS will be obligated to construct facilities and other improvements thereon (the "Improvements") in accordance with said application, attached hereto and made a part hereof; and

WHEREAS, DRS intends to complete construction of the Improvements on or about _____; and

WHEREAS, DRS estimates that the cost of construction of Improvements will be \$6 – 8 Million for facility expansion and an additional \$6 Million for machinery and equipment; and

WHEREAS, the Planning Department reviewed the Application submitted and recommended to the Common Council of the City of Danbury ("Common Council") that the Application meets the eligibility and design criteria specified in § 18-25 of the Code of Ordinances; and

WHEREAS, on September 9, 2010, the Council accepted the recommendation of the Planning Department, made certain findings required by § 18-25 of the Code of Ordinances of the City of Danbury and authorized by the Mayor to execute this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and the representations made by DRS in the Application, the parties hereby agree as follows:

1. Upon completion of the construction of the Improvements made in accordance with the Application and upon certification by the Planning Department as hereinafter set forth in paragraph 2 below, and upon issuance of a certificate of occupancy for the Improvements, the entire increase in the assessment of the Property due to the Improvements shall be deferred each year for a period of seven (7) years immediately following issuance of the certificate of occupancy, provided that if the value of the Improvements, as determined pursuant to this contract, is less than three million dollars (\$3,000,000.00), said deferral period shall be as provided in said Ordinance § 18-25.

2. The Improvements shall be completed on or before _____. In the event that on said date, the Planning Department has not certified (or has denied such certification) that the Improvements have been completed in accordance with the eligibility and design criteria set forth in § 18-25 of the Code of Ordinances and in accordance with the terms of this Agreement or at any time if the Planning Department determines that the owner or lessee or the property is in default under this Agreement and has failed to cure said default after notice and opportunity to do so, this Agreement shall terminate as of that date, and G.E. Capital shall be liable for the increase in taxes for which it would have been liable in the absence of this Agreement. The Planning Department shall forward a copy of its certification that the construction or improvement has been performed in accordance with this Agreement to the Assessor of the City of Danbury ("Assessor"). In the event that the Planning Department denies such certification, it shall send a copy of its denial to the Assessor, who shall readjust his tax records in accordance with the provisions of this section. DRS may apply to the Planning Department for an extension of time in which to complete the Improvements, which extension the Planning Department may approve for good cause shown. In no event shall such extension of time exceed a period of one (1) year.

3. This Agreement is further contingent upon the following conditions:

a. In addition to the certification requirements set forth in paragraph 2 above, the Property shall be subject to inspection and certification by the Building Inspector and Health Director, as being in conformance with such provisions of the state building and health codes and local housing codes as may apply, and by the Zoning Enforcement Officer to ensure conformance with the Danbury Zoning Regulations, as required;

b. The assessment deferral shall continue only as long as the Improvements to the Property continue to meet design criteria and specifications approved in this Agreement and as long as the use of the Property remains a use authorized by Section 18-25 of the City of Danbury Code of Ordinances as may be amended from time to time;

c. The assessment deferral shall cease if there is any delinquency in the payment of taxes on the Property;

d. The assessment deferral shall cease upon the sale or transfer of the Property unless the new owner of the Property shall enter into a new contract with the City incorporating all the terms of this Agreement as herein provided.

In the event that the assessment deferral ceases for any reason set forth in subparagraphs (b), (c), or (d) of this paragraph, the full installment of taxes due beginning on the July 1, October 1, January 1, or April 1, immediately following the cessation date shall be due on the Property and the Improvements as if this Agreement had never been executed.

4. The Assessor shall have the sole responsibility to determine the cost and value of the Improvements, subject to any rights of appeal which DRS may have.

5. No later than thirty (30) days after the date this Agreement is executed, DRS shall (a) file a copy of the executed Agreement with the Assessor, who shall adjust his records accordingly, and (b) file the Agreement in the office of the Town Clerk of the City of Danbury for recording on the Danbury Land Records.

6. This Agreement shall not necessarily affect the assessment of any items of personal property which may hereafter be located on the Property nor necessarily such real property assessment as may be established by the assessing authority.

7. This Agreement sets forth all (and is intended by the parties hereto to be an integration of all) of the promises, agreements, conditions, understandings, warranties and representations between the parties hereto with respect to the assessment and the imposition of real property taxes on the Property and all improvements thereto, and there are no promises, agreements conditions, understandings, warranties or representations, oral or written, express or implied, between them with respect to said assessment and taxes other than as set forth herein.

8. This Agreement may not be modified or amended except a written agreement signed by the parties.

9. A ruling by any court or administrative body that a portion of this Agreement is invalid or unconstitutional shall have no effect on the other terms hereof which shall remain in full force and effect and binding on the parties hereto.

10. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the parties have executed this Agreement and affixed their hands and seals this day of _____, 2010.

Signed, sealed and delivered
in the presence of:

CITY OF DANBURY

Mark D. Boughton, Its Mayor
hereunto duly authorized

SEAL IMPRESSED AND ATTESTED

Date: _____

Legislative Assistant

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CITY OF DANBURY
155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810

RECEIVED

APR 26 2010

PLANNING & ZONING
CITY OF DANBURY

PLANNING & ZONING DEPARTMENT
(203) 797-4525
(203) 797-4586 (FAX)

APPLICATION

**DEFERRAL OF ASSESSMENT INCREASES
ATTRIBUTABLE TO CONSTRUCTION OR IMPROVEMENTS
WITHIN THE CITY OF DANBURY**

Pursuant to §18-25 of the Code of Ordinances of the City of Danbury, this application must be completed and submitted to the Department of Planning and Zoning by all applicants seeking to secure a deferral of assessment increases for construction or improvements on property located within the City of Danbury.

Location of Property: 21 South Street, Danbury, CT 06810

Tax Assessor's Map Number: K15/81 Town Clerk Map and Lot Number: _____

Name, Address and Telephone Number of Owner:

DRS Consolidated Controls, Inc., 21 South Street, Danbury CT 06810
(203) 798-3299

Name, Address and Telephone Number of Applicant/Agent/Lessee (if other than owner):

Owner

Description and Use of Construction or Improvement: See Attached

Present Assessed Value of Property: \$2,739,400

Estimated Cost of New Construction or Improvements Subject to Deferral: \$6-8 M Facility Expansion
and \$6M Machinery + Equipment

Estimated Time Frame for Completion of Construction or Improvement: TBD

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Length of Time and Percent of Assessment Increase Requested for Deferral, as permitted in §18-25(d)(2) for the cost of construction or improvements specified above:

7 years, 100% of Construction/Improvements

Attach a site plan and other specifications drawn to scale indicating all existing and proposed construction and other improvements sufficient for the Tax Assessor to determine the assessment of the property after completion of all proposed construction or improvements for which this deferral is being requested.

The applicant is advised that approval by Common Council and receipt of all benefits available through this deferral requires the applicant to enter into a written agreement with the City fixing the assessment of the real property, air space and all construction and improvements which are the subject of the agreement. All such construction and improvements to be undertaken are subject to the eligibility criteria specified in §18-25 of the Code of Ordinances and must comply with all municipal land use regulations and building and health codes:

Applicant: [Signature] Date: 4/21/10

Applicant/Agent Name and Title: Jason W. Rinsky, Corporate Taxation Officer

FOR DEPARTMENT USE ONLY

The Common Council of the City of Danbury:

The Department of Planning and Zoning has reviewed this Application for a deferral of assessment increases attributable to construction or improvements and has established that:

- Yes the real property or property subject to air rights is located within the City of Danbury:
- Yes the applicant proposed to use the construction or improvements to real property or property subject to air rights for uses eligible in §18-25;
- Not delinquent the property or property subject to air rights is not delinquent in the payment of taxes owed to the City or taxes owed to the Downtown Special Services District at the time of application; and,
- Yes the applicant proposes to enter into a written agreement with the City fixing the assessment of the real property, air space and all improvements thereon or therein and to be constructed thereon or therein, upon such terms and conditions as are provided herein and therein.

Accordingly, the Department of Planning and Zoning finds that the application (does) (does not) meet the eligibility criteria in §18-25 of the Code of Ordinances.

Signed: [Signature] Date: June 1, 2010
Dennis I. Elpern