

Redevelopment of Sikorsky Memorial Airport Takes Off

The Igor I. Sikorsky Memorial Airport, owned by the city of Bridgeport but located in Stratford, is poised to undergo its first major upgrade in decades to improve services provided to privately-owned aircraft and to increase hangar capability. The redevelopment will be undertaken by Aircraft Facilities Group LLC (AFG), a private aviation service represented by a team of Pullman & Comley attorneys from its successful bid to become the prime redeveloper/operator for the main terminal location at the airport to the gaining of land use approvals from the town of Stratford. It is hoped that this investment in modernizing the airport will serve as a catalyst for new business development in the surrounding region.

Attorneys Geoffrey Fay and Charles (Sandy) Campbell of Pullman & Comley's Stamford office, assisted AFG in responding to a Request For Proposals issued by Bridgeport for the redevelopment of the main airport terminal location; then drafted and negotiated a ground lease, with a maximum term of 60 years. The attorneys also submitted successful applications and made presentations, over a period of several years, before the Bridgeport mayor and City Council, the mayor and Town Council for the Town of Stratford, the Airport Commission, Airport Manager, and Federal Aviation Administration and Stratford Zoning Commission.

A Catalyst for New Business Development

In March of this year, Geoff Fay and John Stafstrom of Pullman & Comley's Bridgeport office represented AFG in procuring tax exempt bond financing issued by the Connecticut Development Authority for the redevelopment of the main terminal site. The first phase of the redevelopment will include a state of the art aircraft hangar, office and fixed based operator facility that will replace the 1970s-era airport terminal. Most of the first phase will be leased to Volo Aviation, LLC. Volo will conduct fixed base operations, consisting primarily of providing business



terminal and flight services, fuel, hangar space, de-icing, aircraft maintenance and ancillary services, or other aviation related businesses. As part of the initial redevelopment, AFG also will construct office space for airport management and operations. In addition, AFG will restore the façade of the FAA airport control tower and construct and improve parking areas, walkways, site lighting and landscaping.

Pullman attorneys also represented AFG in the negotiation and drafting of three additional ground lease options, which, if exercised, would permit AFG to construct more first class aviation related office space and aircraft hangars at this airport.

Gaining Support from Stratford

Although the airport is tax-exempt, with assistance from Geoff Fay, AFG negotiated and prepared a first-ever PILOT (payment in lieu of taxes) agreement with the town of Stratford which requires AFG to make annual payments in lieu of taxes to Stratford as long as AFG's project remains exempt from real property taxes.

Originally known as Avon Field, the airport has a long history in Connecticut. It was acquired by Bridgeport in 1937, after which it became Bridgeport Municipal Airport. In 1972, it was rededicated as the Igor I. Sikorsky Memorial Airport, honoring Igor Sikorsky, who selected Stratford as the site for his Sikorsky Aviation Corporation in 1929. The airport, along with an adjoining factory, was the site of testing and delivery of the F4U Corsair aircraft, used by allied forces in

WWII. The Corsair was constructed at an adjacent manufacturing site.

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Payments for Specified Energy Property in Lieu of Tax Credits Under the AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Effective July 2009, the U.S. Treasury Department published a "guidance" document entitled "Payments for Specified Energy Property in Lieu of Tax Credits Under the AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009." This document details a new cash incentive program to encourage owners of commercial real estate who might be considering rehabilitating or upgrading their properties to replace inefficient systems with energy efficient systems and receive a tax credit which may be converted into cash.

Under current IRS regulations a property owner (and a lessee in some instances) may be eligible for tax credits if the property owner places "in service specified energy property." Eligible energy property under the tax credit program includes only property used in a trade or business or held for the production of income (excluding residential improvements or 501(c)(3) organizational improvements). The credits are given for the installation of energy efficient improvements to the property. The tax credits are categorized. The improvement may yield a 10 percent or a 30 percent tax credit based upon the basis of the property or improvement installed (i.e., the cost). For instance, if an owner were to install a solar energy system to replace an obsolete heating system in an eligible building and the cost was \$100,000, the tax credit would be 30 percent. If the owner's business did not need the tax credit, the owner could, under the new program, apply for a cash payment in lieu of the tax credit and receive \$30,000 in cash from the federal government. Under the program, construction must begin in 2009 or 2010.

As set forth in President Obama's American Recovery and Reinvestment Act of 2009 legislation,

the new guidance provides that the purpose of the legislation is to create an incentive "to preserve and create jobs and promote economic recovery in the near term and to invest in infrastructure that will provide long term economic benefits." The result will be to promote energy efficient rehabilitation of older buildings.

While this initiative is perhaps not of itself a sufficient incentive to "go green," it is a potentially valuable incentive to make going green feasible.

For additional information about this topic, please contact James P. White Jr. at 203.330.2132 or jwhite@pullcom.com or Brad N. Mondschein at 860.424.4319 or bmondschein@pullcom.com.

2009 Revaluations

As many of you know, the municipal real property revaluation cycle had been in flux as many cities and towns took advantage of legislative grace to postpone revaluations. While the dates of those original postponements have passed, the Connecticut legislature this year passed a similar postponement provision. Our research indicates that the municipalities listed at the end of this article are planning to conduct revaluations effective October 1, 2009, barring any delay as permitted under the current legislation.

For those of you with real property in communities on the list, you should know that a representative of the municipality may contact you in the coming months to schedule a physical inspection of your property. Cooperation is important so that errors are not made in recording the physical characteristics and condition of your property.

A revaluation notice containing the proposed new assessment of your property will be mailed in the latter part of this year. The notice usually includes an invitation to attend an informal hearing with the revaluation company or the assessor's office to discuss the new assessment which should represent 70 percent of the fair market value of your property.

We find that we have the most leverage to negotiate satisfactory results for our clients during the informal process. Each new assessment should be reviewed carefully. Even if your assessment has not increased

substantially, a challenge may be in your best interest if property or market conditions warrant a lower value.

If these discussions do not succeed, the deadline for formally protesting an assessment to a municipality's board of assessment appeals is February 20, 2010, although some communities may extend the date to March 20, 2010. Appeal forms will be available at the assessor's office as the deadline approaches. The protest is mandatory in order to file a Superior Court tax appeal. As part of the protest, an owner is required to state an opinion of the fair market value of the property. Great care should be taken in completing the protest application so as not to compromise any appeal rights.

Hearings are usually conducted in March and April. A written notice must be mailed to the taxpayer within one week of the Board's decision. Boards of Assessment Appeals may opt to decline a hearing for commercial property assessed above \$1 million; we find that boards are taking this option more than ever.

If an owner is not satisfied with the board's decision, the next and final remedy is an appeal to Superior Court. The deadline date for appealing to Superior Court is two months from the date the board's decision is postmarked. The case is heard by a judge without a jury.

We encourage you to be proactive in monitoring the revaluation process and your new assessment so that you may take all necessary steps to ensure that the assessment is equitable. The deadlines mentioned here are mandatory and cannot be extended.

Please also keep in mind that assessments of like properties must be equalized; significant disparities between the value of similar properties may be actionable even if the proposed value, standing alone, is appropriate.

2009 Revaluations

Bloomfield	Old Lyme
Branford	Pomfret
Brooklyn	Somers
Canterbury	Sprague
Coventry	Stratford
Mansfield	Thompson
Morris	Tolland
New Fairfield	Woodbridge

Should you require assistance at any step in this process, the attorneys and paralegals of Pullman & Comley's Property Valuation Department have substantial depth and breadth of experience in this field.

For more information, contact Elliott B. Pollack at 860.424.4340 or ebpollack@pullcom.com.

Editor's Notes

Real Estate Attorney **Brion Kirsch** presented at a Sterling Education Services seminar about commercial lease issues for both landlords and tenants in today's evolving and challenging economic climate.

Environmental Law attorney **Lee Hoffman** will present an educational session at the Brownfield 2009 Conference hosted by the U.S. EPA and ICMA. He will discuss how the remediation of a brownfield site can turn a locally undesirable land use ("LULU") into a project that is desired by the entire community.

In a Q&A appearing in the September 21, 2009, issue of the *Fairfield County Business Journal*, real estate attorney **Geoff Fay** comments on the impact of the lingering economic recession on retail vacancies and tax collection figures in Fairfield County.

For further information about our real estate practice, please contact *Groundbreaking News* editor James P. White Jr. at 203-330-2132 or jwhite@pullcom.com or our Real Estate Department Chair Michael G. Proctor at 203-330-2145 or mproctor@pullcom.com.

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