

May 5, 2014



Stamford Board of Representatives
c/o Randall M. Skigen, Chair
Government Center
888 Washington Blvd.
Stamford, CT 06901

Re: Harbor Point Infrastructure Improvement District

Dear Chairman Skigen:

In accordance with Special Act No. 07-6 of the Connecticut General Assembly, please be advised that two public hearings will be held at the offices of the Harbor Point Infrastructure Improvement District (the "District") at 100 Washington Boulevard, Suite 200, Stamford, Connecticut 06902, on Wednesday, May 21, 2014, at 2:00 p.m. and on Wednesday, June 4, 2014, at 1:00 p.m. regarding the District's proposed 2014-15 annual operating budget, including all taxes, fees, rents, benefit assessments and any other charges of the District.

In addition, enclosed is a copy of the District's proposed Annual Budget for fiscal year 2014-15.

We respectfully request that you share this information with the other members of the Board of Representatives. Please do not hesitate to contact me if you have any questions.

Sincerely,

Paul Kuehner, President
Harbor Point Infrastructure Improvement District

**HARBOR POINT
INFRASTRUCTURE IMPROVEMENT DISTRICT
CITY OF STAMFORD, CONNECTICUT**

**ANNUAL OPERATING BUDGET
2014-2015 FISCAL YEAR**

Prepared By:

MUNICAP, INC.

April 14, 2014

**Harbor Point Infrastructure Improvement District
City of Stamford, Connecticut**

**Annual Operating Budget
2014-2015 Fiscal Year**

Revenues¹	
Series 2010A Reserve Fund investment income	\$20,640.00
Series 2010B Reserve Fund investment income	\$2,560.00
Interest subsidy payment	\$835,200.00
Tax increment payment on September 15, 2014	\$2,136,763.96
Tax increment payment on March 15, 2015	\$2,710,959.61
Estimated first-half Annual Payment to be remitted to District by August 5, 2014 ²	\$3,612,500.00
Estimated second-half Annual Payment to be remitted to District by February 5, 2015 ²	\$3,612,500.00
Estimated surplus from prior year	\$232,150.57
Total revenues	\$13,163,274.14

Expenses¹	
Interest payment on October 1, 2014	\$5,944,581.25
Interest payment on April 1, 2015	\$5,944,581.25
Principal payment on April 1, 2015	\$965,000.00
Administrative expenses:	
Trustee fees	\$10,463.66
District counsel	\$25,000.00
Administrator fees	\$28,547.00
Audit fees	\$12,500.00
Tax collection fees	\$5,000.00
Insurance expenses	\$25,000.00
Contingency	\$8,489.34
Total administrative expenses	\$115,000.00
Contingency for delinquencies or extraordinary events	\$194,111.64
Total expenses	\$13,163,274.14

¹Please refer to the Supplemental Information provided in a separate document for additional explanation.

²The Annual Assessments are subject to approval by the District Board in May 2014.

**Harbor Point Infrastructure Improvement District
City of Stamford, Connecticut**

**Annual Operating Budget
Supplemental Information
2014-2015 Fiscal Year**

REVENUES

Reserve Fund Investment Income

As of February 28, 2014, the balance in the Series 2010A Reserve Fund was \$12,906,143.65, which represents the reserve requirement of \$12,900,000.00 and investment income in the amount of \$6,143.65. A summary of the anticipated investment income to be earned on the Series 2010A Reserve Fund through April 1, 2014 is shown below.

Investment	Rate	Amount	Initial Deposit Date	Maturity	Estimated Investment Income
CT State investment fund	0.16%	\$12,906,144	N/A	N/A	\$3,442
Total		\$12,906,144			\$3,442

The investment income currently held in the account and estimated investment earnings as shown above equal to \$9,585.29 (\$6,143.65 + \$3,441.64 = \$9,585.29) will be used to pay debt service on April 1, 2014.

To be conservative, it is assumed that the reserve requirement of \$12,900,000.00 will remain invested at the current Connecticut State short term investment fund rate of 0.16 percent per annum. The yield on the reserve requirement of \$12,900,000.00 will result in estimated annual investment income of \$20,640.00 through April 1, 2015. The investment income expected to be earned between April 2, 2014 and April 1, 2015 will be made available to pay debt service in the 2014-2015 Fiscal Year.

As of February 28, 2014, the balance in the Series 2010B Reserve Fund was \$1,600,762.18, which represents the reserve requirement of \$1,600,000.00 and investment income in the amount of \$762.18. A summary of the anticipated investment income to be earned on the Series 2010B Reserve Fund through April 1, 2014 is shown below.

Investment	Rate	Amount	Initial Deposit Date	Maturity	Estimated Investment Income
CT State Investment Fund	0.16%	\$1,600,762	N/A	N/A	\$427
Total		\$1,600,762			\$427

The investment income currently held in the account and estimated investment earnings as shown above equal to \$1,189.05 (\$762.18 + \$426.87 = \$1,189.05) will be used to pay debt service on April 1, 2014.

To be conservative, it is assumed that the reserve requirement of \$1,600,000.00 will remain invested at the current Connecticut State short term investment fund rate of 0.16 percent per annum. The yield on the reserve requirement of \$1,600,000.00 will result in estimated annual investment income of \$2,560.00 through April 1, 2015. The investment income expected to be earned between April 2,

2014 and April 1, 2015 will be made available to pay debt service in the 2014-2015 Fiscal Year.

Interest Subsidy Payment

The District has elected to treat the 2010B Bonds as “Recovery Zone Economic Development Bonds” for purposes of the Recovery Act and to receive a cash subsidy from the United States Treasury. Pursuant to the Recovery Act, the District expects to receive the 2010B Subsidy Payment, a cash subsidy from the United States Treasury equal to 45 percent of the interest payable on the 2010B Bonds. The table below shows the calculation of the interest to be paid on the Series 2010B Bonds in the 2014-2015 Fiscal Year and the 2010B Subsidy Payment.

**Series 2010B Subsidy Payment
2014-2015 Fiscal Year**

Series 2010B Interest Payable	
Interest payment on October 1, 2014	\$1,000,000
Interest payment on April 1, 2015	\$1,000,000
<i>Total Series 2010B interest payable</i>	\$2,000,000
2010B subsidy payment percentage	45%
Series 2010B Subsidy Payment Due	\$900,000
Series 2010B Subsidy Payment Estimated to be Available	\$835,200

Interest payable on the Series 2010B Bonds includes interest due on October 1, 2014 and April 1, 2015. The \$1,000,000.00 semiannual interest payments due on October 1, 2014 and April 1, 2015 are equal to six months of interest at 12.5 percent on the outstanding principal balance of \$16,000,000.00. As a result, total interest to be paid on the Series 2010B Bonds in the 2014-2015 Fiscal Year is \$2,000,000.00. Accordingly, the RZED Bonds Interest Subsidy Payment is equal to \$900,000.00 ($\$2,000,000.00 \times 45\% = \$900,000.00$) for the 2014-2015 Fiscal Year.

The Internal Revenue Service Tax-Exempt Bond office has issued guidance on the effect of the sequester on direct pay bonds. Payments made to issuers on or after March 1, 2013, through and including September 30, 2013, will be reduced 7.20 percent, unless Congressional action changes the reduction percentage. As a result, the District has conservatively estimated that 92.80 percent (i.e., \$835,200.00) of the Series 2010B Subsidy Payment due of \$900,000.00 will actually be made available for the 2014-2015 Fiscal Year.

Tax Increment Payments

Pursuant to the Interlocal Agreement dated July 1, 2008, the City agreed to pay Tax Increment Payments on September 15th and March 15th of each Fiscal Year based on the Tax Increment Revenues collected for the six month period ending on the prior June 30th and December 31st, respectively, for such Fiscal Year. The Tax Increment Payments shall mean, for each six month period ending on December 31st and June 30th, the amount, if any, equal to the lesser of the Debt Service Requirements and fifty percent of the portion of real property tax revenues with respect to the District Property which are collected during such six month period, less non-incremental revenues of \$545,586.50. Accordingly, the Tax Increment Payments to be remitted on September 15, 2014 and March 15, 2015 are based on the real property taxes due on January 1, 2014 and July 1, 2014, respectively.

According to the City of Stamford, the 2013 assessed value of the District Property was equal to \$400,924,660.00 for the second half installment of taxes due January 1, 2014. The real property ad

valorem tax rate for 2013 was 24.04 mills (\$24.04 per \$1,000 of assessed value). According to the City of Stamford, actual ad valorem tax revenues in the amount of \$4,819,114.41 $[(\$400,924,660.00 \div \$1,000) \times \$24.04 \times 50\% = \$4,819,114.41]$ were billed for the second half installment of the 2013 real property taxes due on January 1, 2014. Accordingly, Tax Increment Revenues resulting from the January 1, 2014 tax collection are \$4,273,527.91 $(\$4,819,114.41 - \$545,586.50 = \$4,273,527.91)$. Tax Increment Payments are equal to fifty percent of Tax Increment Revenues, or \$2,136,763.96 $(\$4,273,527.91 \times 50\% = \$2,136,763.96)$.

The table below shows the amount of Tax Increment Payment due from the City to the District on September 15, 2014.

**City Tax Increment Payment
September 15, 2014 Payment
2014-2015 Fiscal Year**

Tax Increment Payment on September 15, 2014	
Second-half 2013 aggregate assessed value of District property	\$400,924,660
Ad valorem tax rate (per \$1,000 of assessed value)	\$24.04
Second-half 2013 ad valorem tax revenues (due 01/01/14)	\$4,819,114
Less: one-half of base year tax revenues	\$545,587
<i>Tax Increment Revenues</i>	\$4,273,528
Percent of TIF revenues paid to District	50.0%
Disbursement to District on September 15, 2014	\$2,136,764

According to the City, a citywide revaluation just occurred and the city does not anticipate substantial changes in assessed values, absent the completion rate of individual parcels. As a result, the City has suggested that the district use the aggregate assessed value of \$479,444,425.00, as reported for the second-half 2013 aggregate assessed value for estimating the March 15, 2015 Tax Increment Payment. According to the Mayor's Proposed Operating and Special Revenue Funds Budget for fiscal year 2014-2015, the proposed mill rate for fiscal year 2014-2015 is not estimated to exceed 24.89 mills. For purposes of estimating Tax Increment Revenues for the Tax Increment Payment due on March 15, 2015, the property tax rate of 24.89 mills is assumed. As a result, estimated ad valorem tax revenues in the amount of \$5,967,505.72 $[(\$479,444,425.00 \div \$1,000) \times \$24.89 \times 50\% = \$5,967,505.72]$ are expected to be billed for the first half installment of the 2014 real property taxes due on July 1, 2014. Accordingly, Tax Increment Revenues resulting from the July 1, 2014 tax collection are \$5,421,919.22 $(\$5,967,505.72 - \$545,586.50 = \$5,421,919.22)$. Tax Increment Payments are equal to fifty percent of Tax Increment Revenues, or \$2,710,959.61 $(\$5,421,919.22 \times 50\% = \$2,710,959.61)$.

The table below shows the Tax Increment Payment expected to be remitted from the City on March 15, 2015. The Tax Increment Payment received in March 2015 will be used for the payment of debt service on April 1, 2015 and administrative expenses during the 2014-2015 Fiscal Year.

**City Tax Increment Payment
March 15, 2015 Payment
2014-2015 Fiscal Year**

Tax Increment Payment on March 15, 2015	
First-half 2014 aggregate assessed value of District property	\$479,444,425
Ad valorem tax rate (per \$1,000 of assessed value)	\$24.89
Estimated first-half 2014 ad valorem tax revenues (due 07/01/14)	\$5,967,506
Less: one-half of base year tax revenues	\$545,587
<i>Tax Increment Revenues</i>	\$5,421,919
Percent of TIF revenues paid to District	50.0%
Disbursement to District on March 15, 2015	\$2,710,960

Estimated Annual Payment/Annual Special Assessments

According to the Method of Imposing and Collecting the Assessments, an Annual Payment is to be collected from each parcel of assessed property within the District (except those parcels for which the Principal Portion of the Special Assessment has been prepaid) each year in an amount equal to the "Annual Revenue Requirement." The Annual Revenue Requirement is equal to the sum of the following: (1) Debt Service Expenses and (2) Administrative Expenses; less (a) Tax Increment Payments, (b) U.S. subsidy payments, and (c) other available funds. Based on the available funds as outlined above and the estimated debt service and administrative expenses shown below for the 2014-2015 Fiscal Year, the Annual Revenue Requirement is expected to be \$7,225,000.00.

The Annual Payment will be billed by the City of Stamford in two equal installments of \$3,612,500.00 each due July 1, 2014 and January 1, 2015. Pursuant to the Tax Collection Agreement dated October 28, 2009, the City shall pay all amounts collected with respect to the Annual Payments within any calendar month to the Trustee for deposit in the Revenue Fund, no later than the fifth business day of the following month. Accordingly, the first installment of the Annual Payment due July 1, 2014 is expected to be remitted to the District's Special Assessment Revenue Fund by August 5, 2014. The second installment of the Annual Payment due January 1, 2015 is expected to be remitted to the District's Special Assessment Revenue Fund by February 5, 2015. The Annual Payment will be used to pay debt service in the 2014-2015 Fiscal Year.

The Annual Payment is subject to the approval of the District Board by May 15, 2014.

Surplus from Prior Year

The estimated surplus from the prior year that may be applied to pay debt service and administrative expenses in the 2014-2015 Fiscal Year is outlined in the table below. Debt Service includes an interest payment in the aggregate amount of \$5,972,056.25 payable on April 1, 2014. The interest payment due on April 1, 2014 is equal to six months of interest on the Series 2010A and B Bonds as shown below.

Series 2010A Term 2022 Bonds of \$14,855,000 at 7.00%	\$519,925
Series 2010A Term 2039 Bonds of \$113,070,000 at 7.875%	\$4,452,131
Series 2010B Term 2029 Bonds of \$16,000,000 at 12.5%	<u>\$1,000,000</u>
Total	<u>\$5,972,056</u>

There is a principal payment due on the Series 2010A in the amount of \$785,000.00 on April 1, 2014. There is no principal payment due on the Series 2010B Bonds on April 1, 2014. As a result, the total amount of debt service to be paid on April 1, 2014 is equal to \$6,757,056.25.

As of February 28, 2014, the balance in the Administrative Expense Fund was \$15,927.19. As of the same date, administrative expenses in the amount of \$71,263.57 had been paid for the 2013-2014 Fiscal Year. Administrative expenses in the estimated amount of \$43,736.43 are expected to be incurred for the balance of the 2013-2014 Fiscal Year.

As of February 28, 2014, the balances in the Revenue Fund Special Assessment Account, Revenue Fund TIF Account, Bond Fund Series 2010A Interest Account, Bond Fund Series 2010B Interest Account and Revenue Fund Series 2010B Subsidy Account were \$136,583.57, \$3.52, \$7,221.53, \$895.78 and \$2.03, respectively.

As mentioned above, the District has elected to treat the 2010B Bonds as "Recovery Zone Economic Development Bonds" for purposes of the Recovery Act and to receive a cash subsidy from the United States Treasury. Pursuant to the Recovery Act, the District expects to receive the 2010B Subsidy Payment, a cash subsidy from the United States Treasury equal to 45 percent of the interest payable on the 2010B Bonds. The interest payment on the Series 2010B Bonds is equal to \$1,000,000.00 and is due on April 1, 2014. Accordingly, the interest subsidy payment for the April 1, 2014 debt service payment is equal to \$450,000.00 ($\$1,000,000.00 \times 45\% = \$450,000.00$). As mentioned above, the Payments made to issuers were to be reduced 7.20 percent. As a result, the District estimated that 92.80 percent (i.e., \$835,200.00) of the Series 2010B Subsidy Payment due of \$900,000.00 will actually be made, which would result in a semi-annual Subsidy Payment of \$417,600.00 ($\$835,200.00 \div 2 = \$417,600.00$) for the April 1, 2014 debt service payment. The interest subsidy payment of \$417,600.00 for the April 1, 2014 debt service payment on the Series 2010B Bonds was received by the Trustee on March 24, 2014.

As mentioned above, as of February 28, 2014, the balance in the Series 2010A Reserve Fund was \$12,906,143.65, which is equal to the reserve requirement of \$12,900,000.00 and investment income in the amount of \$6,143.65. The investment income currently on deposit in the Series 2010A Reserve Fund, plus estimated investment income in the amount of \$3,441.64 to be earned by April 1, 2014, will be made available to pay debt service on April 1, 2014.

As of February 28, 2014, the balance in the Series 2010B Reserve Fund was \$1,600,762.18, which is equal to the reserve requirement of \$1,600,000.00 and investment income in the amount of \$762.18. The investment income currently on deposit in the Series 2010B Reserve Fund, plus estimated investment income in the amount of \$426.87 to be earned by April 1, 2014, will be made available to pay debt service on April 1, 2014.

The Annual Payment for the 2013-2014 Assessment Year was equal to \$8,630,000.00 and was billed by the City of Stamford in two equal installments of \$4,315,000.00 and due on July 1, 2013 and January 1, 2014. According to the City of Stamford, the first half Annual Payment of \$4,315,000.06 was collected and remitted to the District on August 7, 2013 and the second half Annual Payment of \$4,314,999.95 was collected and remitted to the Trustee on March 15, 2014.

**Surplus from Prior Year
Fiscal Year 2013-2014**

Debt Service and other estimated expenses:	
Interest payment on April 1, 2014	\$5,972,056
Principal payment on April 1, 2014	\$785,000
<i>Total debt service</i>	<i>\$6,757,056</i>
Administrative expenses	\$43,736
Subtotal expenses	\$6,800,793
Estimated available funds:	
Administrative Expense Fund balance as of February 28, 2014	(\$15,927)
Revenue Fund Special Assessment Account balance as of February 28, 2014	(\$136,584)
Revenue Fund TIF Account balance as of February 28, 2014	\$4)
Bond Fund Series 2010A Interest Account balance as of February 28, 2014	(\$7,222)
Bond Fund Series 2010B Interest Account balance as of February 28, 2014	(\$896)
Revenue Fund Subsidy Account balance as of February 28, 2014	(\$2)
Available Series 2010A Reserve Fund investment income	(\$6,144)
Estimated Series 2010A Reserve Fund investment income through April 1, 2014	(\$3,442)
Available Series 2010B Reserve Fund investment income	(\$762)
Estimated Series 2010B Reserve Fund investment income through April 1, 2014	(\$427)
Second half Annual Payment Transferred to the District on March 15, 2014	(\$4,315,000)
Tax Increment Payment due March 15, 2014	(\$2,128,935)
Interest Subsidy Payment Received March 24, 2014	(\$417,600)
Subtotal available funds	(\$7,032,943)
Surplus from prior year	(\$232,151)

According to the City of Stamford, actual ad valorem real property taxes in the amount of \$4,810,288.18 were collected from the parcels in the improvement district for the July 1, 2013 collection date. Accordingly, Tax Increment Revenues resulting from the July 1, 2013 tax collection are \$4,257,870.68 (\$4,810,288.18 - \$545,586.50 - \$6,831.00 = \$4,257,870.68). (Please note that Tax Increment Revenues resulting from the July 1, 2013 tax collection were reduced by \$6,831.00 as a result of an overpayment in the prior period.) Tax Increment Payments are equal to fifty percent of Tax Increment Revenues, or \$2,128,935.34 (\$4,257,870.68 × 50% = \$2,128,935.34). The Tax Increment Payment due from the City on March 1, 2014 will be made available to pay debt service on April 1, 2014.

As shown in the table above, the available funds from the prior year are expected to exceed the remaining expenses for the 2013-2014 Fiscal Year, resulting in an aggregate surplus of \$232,150.57 that will be made available to pay debt service and administrative expenses for the 2014-2015 Fiscal Year.

EXPENSES

Debt Service

Debt service includes interest on the Series 2010A and B Bonds payable on October 1, 2014 and April 1, 2015. The \$5,944,581.25 semiannual interest payments due on October 1, 2014 and April 1, 2015 are equal to six months of interest on the term bonds as shown below.

Series 2010A Term 2022 Bonds of \$14,070,000 at 7.00%	\$492,450
Series 2010A Term 2039 Bonds of \$113,070,000 at 7.875%	\$4,452,131
Series 2010B Term 2029 Bonds of \$16,000,000 at 12.5%	\$1,000,000
Total	<u>\$5,944,581</u>

A principal payment in the amount of \$965,000.00 is due on the Series 2010A Bonds on April 1, 2015. There is no principal payment due on the Series 2010B Bonds on April 1, 2015. As a result, total debt service on the Series 2010 Bonds is equal to \$12,854,162.50.

Administrative Expenses

Administrative expenses include the fees of the trustee, the administrator, the City, the District Counsel and various other administrative expenses for services related to the District. Total administrative expenses for the 2014-2015 Fiscal Year are anticipated to be \$115,000.00. The Administrative Expense Fund is expected to be funded for the 2014-2015 Fiscal Year with a portion of the Tax Increment Payments and Annual Payments to be collected in the 2014-2015 Fiscal Year.

Contingency

A contingency, equal to 1.5 percent of debt service and anticipated administrative expenses, has been added in the event there are appeals of assessed valuation (resulting in less than anticipated Tax Increment Payments), unanticipated expenses or investment income is less than estimated.