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May 16, 2012

Honorable Pedro E. Segarra
Mayor
City of Hartford
550 Main Street
Hartford, CT 06103

Dear Mayor Segarra:

We share your disappointment that, after 11 months of comprehensive discussion that began last June, a clarifying amendment to Section 12-62r was not passed in the Legislative Session that ended last Wednesday. We reiterate our continuing commitment to work with you, the City Council, and the members of the Hartford Legislative Delegation to ensure a real and personal property tax system for the City that accomplishes the interlocking goals of fiscal discipline, Grand List growth, a competitive mill rate, minimal office vacancy, quality public services, and the reengagement of the residential property owners in the electoral process.

Our commitment builds upon the decades long engagement of private sector employers and property owners in supporting innumerable City initiatives, including the more recent ones of Achieve!Hartford, the Business Improvement District, the Homeowners Incentive Program, and Winterfest. The support clearly illustrates the private sector walking the talk that a dynamic Capital City is critical to economic and job growth and to ensuring employment and entrepreneurial opportunities for all of the Region's residents.

We also write, as you finalize the City budget for FY'13, to urge you and the Council to remain focused on realistic revenue projections and timely expense reductions. We certainly applaud you and your administration for your efforts to control the rate of growth in City spending in both the current FY'12 budget and the one under discussion for FY'13. The mitigation plan that you submitted to the Council on Monday reflects your continued adherence to that tenet.

We remain concerned, however, that the FY'13 budget still relies on revenue assumptions that, if unrealized, will negatively impact the goal of achieving a balanced budget. For example, the absence of a clarifying amendment to Section 12-62r eliminates the Residential Assessment Ratio ("RAR") of 30.5% and the Apartment Assessment Ratio ("AAR") of 60% as stated on page 6-3 of the FY '13 budget book. Other areas of revenue concern include the \$1 million dollars of PILOT payments that have not been discussed with the owners of the major tax-exempt properties in the City and the \$9 million reimbursement for school construction projects that the State has not confirmed.

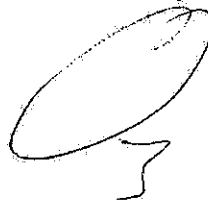
Similarly, on the expense side, we are concerned that some of the budgeted reductions (e.g. \$1 million of union concessions) will not be achieved soon enough to avoid additional actions in the second half of the year which might undermine the City's ability to satisfy longer term obligations (e.g. City's contribution to the pension fund). We accordingly implore you and the Council to continue your focus over the next 15 days on identifying specific expense reductions that can be implemented at the start of the fiscal year on July 1st with minimal disruption to services and relationships that are critical to the City's economic growth.

Such a focus should also include the implementation of actions that have been recommended by the City's previously established Property Tax Reform Task Force and Budget and Fiscal Analysis Task Force as well as those submitted by the City's Internal Audit Commission. Attached is a summary of those actions that we included in our commentary last year on the FY'12 budget.

We write finally to reiterate that, under 12-62r (e) as enacted last June, the Residential Assessment Ratio ("RAR") for FY'13 should be calculated at 32.7% and not at 29.2% as certified in the Grand List of October of 2011. That calculation will enable the City to maintain the Apartment Assessment Ratio ("AAR") near 50% and to reduce the mill rate below the 76.1 mills set forth in your mitigation proposal. Such a lower mill rate will help to suppress the increase in motor vehicle taxes, a significant burden to both renters and homeowners, and in personal property taxes which discourage business expansion, investment, and relocations.

We stand ready to support the prudent and responsible actions needed for the City to achieve a truly balanced budget for FY'13 and to working with you and the members of the Hartford Legislative Delegation to pass a clarifying amendment to Section 12-62r promptly in the 2013-14 Legislative Session. Please call me at 860-728-2277 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be a stylized name or initials, located below the word "Sincerely,".

cc: City Council Members
Hartford Legislative Delegation
MetroHartford Alliance Board of Directors