



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

---

# NEWS

**FOR IMMEDIATE RELEASE**

Friday, June 10, 2005

**State Pension Fund Agrees to Sell Hartford's Goodwin Square to Northland Investment Corp.; \$41 Million Price Exceeds Expectations**

*State Treasurer Says Prospective Sale Reflects Growing Confidence in City's Future*

Connecticut Treasurer Denise L. Nappier has authorized the sale by the state pension fund of Goodwin Square in downtown Hartford to Northland Investment Corporation for \$41 million. Nappier said the price "exceeds our expectations and is a win/win for the state pension fund and every individual with an interest in the continued economic renaissance of the City of Hartford."

The purchase/sale agreement with Northland, which submitted the "highest qualified offer" for the landmark property, will conclude a competitive process that was first announced on September 29, 2004. The purchase includes the 124-room five story historic Goodwin Hotel, 330,901 square foot 30-story office tower, adjoining atrium and eight-level parking garage. Closing on the sale is expected later this summer.

Nappier, principal fiduciary of the state's \$20 billion pension fund, which owns the Goodwin Square property, said "This sale will achieve our primary objective -- to generate proceeds representing solid price performance for the pension fund. At the same time, it is a reflection of the solid real estate market and growing confidence in Hartford's future, and will help to advance the city's economic vibrancy."

**"This is a win/win for the state pension fund and the City of Hartford."**

*State Treasurer  
Denise Nappier*

The Goodwin, originally built in 1881, served as a home for Hartford-born J.P. Morgan, American's leading financier in the 19<sup>th</sup> century and is on the National Registry of Historic Places.

The hotel and office properties are connected by a five-story atrium, just across from the site of Hartford 21, Northland's \$160 million mixed-use redevelopment of the former civic center mall. Construction on Hartford 21 began in June, 2004 and project completion is expected by July, 2006.

Founded in 1970, Northland Investment Corporation is a privately held, fully integrated real estate company focused on the acquisition, development, operation and long-term ownership of commercial, retail and multifamily real estate throughout the United States. Northland owns a \$1.2 billion diversified portfolio of 14.3 million square feet of real estate, with major concentrations in New England and along the southern tier of the U.S., including a development pipeline of \$300 million. In addition to Hartford 21, Northland

CONTACT: **BERNARD L. KAVALER**, DIRECTOR OF COMMUNICATION  
(860) 702-3277 FAX (860) 702-3043  
[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)

---

also owns Metro Center, CityPlace II, The Crosthwaite Building and Trumbull Place, all within Hartford's central business district.

“Our purchase of Goodwin Square reaffirms our commitment to downtown Hartford,” said Lawrence R. Gottesdiener, Chairman and Chief Executive Officer of Northland Investment Corporation. “We believe in Hartford and are proud to be such an active participant in the City’s revitalization.”

Nappier, who has demonstrated a longstanding commitment to exercise her fiduciary responsibilities in the management of state pension fund assets while considering the ancillary benefits associated with the state’s investment activities, had expressed her sensitivity to the concerns of current tenants and employees, in particular, the 85 union hotel workers. At the outset of the process, she stressed the importance of the winning bidder embracing a worker-friendly environment, including assessing the feasibility of maintaining the union contract, without compromising the bid price. All the leading bids, including Northland’s, agreed to assume the current bargaining agreement with employees of the hotel and retain all of the hotel’s union employees on the same terms and conditions of employment as currently exist. Northland has said it intends to continue to operate the Goodwin Hotel property as a hotel.

“We have achieved a result that is responsive to the unique needs of our capital city, its residents and workers and does not in any way compromise the primary interest of the state’s pension fund beneficiaries. In our industry, this is what we call a true ‘double bottom line’ return,” Nappier said.

The marketing of the property formally began in December 2004, with nearly 100 initial inquiries received. At the conclusion of an eight-week marketing period, 17 competitive offers to purchase were formally submitted. Significant interest in the property came from regional, national and international investors. Subsequent steps in the bidding process led to the purchase/sale agreement with Northland, which was signed earlier this week.

Nappier explained that strategic revisions to the real estate asset class within the state pension fund portfolio were central to the decision to sell the property at this time. Those revisions, approved last year by the state’s Investment Advisory Council, will result in a restructuring of the pension fund’s real estate holdings to better diversify the real estate portfolio. The investment in Goodwin Square was not deemed to be consistent with the revised structure.

The pension fund, as property owner, has maintained the architectural and historical significance of Goodwin Square, with refurbishing work completed in recent years on the façade of the property, and steps taken to sustain it as a premier property during difficult economic times. Nappier noted that the Class A office tower is currently 86% occupied, and that the “blue chip roster of tenants certainly was a tremendous selling point in this endeavor.” In addition, within the past year, the ground-level retail space has attracted new tenants, highlighting a growing resurgence in Hartford’s retail and restaurant market.

The property includes banquet facilities, private meeting rooms, a bar/lounge and a fitness center, with space that can accommodate an upscale restaurant. The atrium between the hotel and office tower has been utilized for a wide range of events, from corporate gatherings and weddings to community programs and charitable fundraisers.

CONTACT: **BERNARD L. KAVALER, DIRECTOR OF COMMUNICATION**  
(860) 702-3277 FAX (860) 702-3043  
[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)

The hotel is the market's premier boutique hotel and has hosted and contributed to the success of numerous City events.

In the mid and late 1980's, prior to the pension funds involvement, the property was redeveloped. The state pension fund originally invested in the property, which includes both the hotel and adjacent office tower, in 1989. Subsequent to the pension fund's investment, the property underwent a 12-month \$4 million restoration in 2001. The hotel's brick and terra cotta exterior was cleaned and repaired as part of the project, and the roof and dormers were replaced.

AEW Capital Management, the real estate investment advisory firm that assumed management of the investment for the State last year, was retained specifically to provide expert advice regarding the disposition of the property and the merits and timing of a sale. In its role as investment advisor, AEW oversees the on site property managers that handle day to day operations. The office tower is currently managed by Servus Management Corporation and the hotel is managed by Tishman Hotel Corporation. Broker for the sale was CB Richard Ellis (CBRE), led by team leader John McCormick. In addition, CBRE retained Suzanne Hopgood as a consultant to assist with the marketing of the hotel component.