

Board of Selectmen
Town Meeting Hall
May 24, 2016
Special Meeting Minutes
(Joint Meeting with the Board of Finance)

Selectmen Present: Mark Walter, First Selectman; Ernest Malavasi, Selectman

Absent: Susan Link, Selectman

Board of Finance Members Present: Raymond Willis, Chairman Board of Finance; Robert Bennett, Secretary; Bruce Dutch; Harvey Thomas (left at 7:14pm)

Also Present: Rich Roberts, Town Attorney; Cindy Varricchio, Finance Director; Linda Zemienieski, Robert Casner, Chairman Economic Development; Frank & Vicki Pach; Craig Mansfield, Chairman Municipal Office Building Committee; Bill Lindsey, Financial Advisor; Solar Experts; Ed Blaschik; Deb Denette, Town Clerk and Recording Secretary

1. First Selectman Walter called the special meeting of the Board of Selectmen to order at 7:00 pm and the attendees said the Pledge of Allegiance.

The Special Meeting of the Board of Finance was called to order by Chairman Raymond Willis at 7:00 pm. (Please note at 7:14 pm Mr. Thomas left the meeting to attend the Planning and Zoning meeting and the Board of Finance did not have a quorum at that point.)

2. Debt Issuance Discussion: Mr. Mansfield gave an overview of where the Municipal Office Building Committee was in the process of the conversion of the former middle school to town offices. He stated that the design has been laid out and the architect is meeting with department heads over the next couple of days. Mr. Mansfield stated that January, 2018 is the completion goal. He noted that the Committee recognizes the requirement to stay within a \$15,000,000 budget. He stated that \$1,500,000 has been designated for abatement and demolition. He stated that what is behind the walls will be a key factor as to the cost cutting that will have to occur to stay within budget. Mr. Mansfield added that utilizing USDA makes the process take longer.

Mrs. Varricchio introduced Bill Lindsey who presented the town's financing alternative. He stated that there are two very viable options at this point for the town:

Option #1 is to finance all projects through the municipal bond market;

Option #2 is to finance the elementary school/radio system/fire house through the municipal bond market and finance the municipal facility through the USDA loan program.

Mrs. Varricchio stated that it was never the town's intent to finance the other capital projects approved last June at referendum through anything but 20 year financing (USDA provides for up to 40 year financing). She stated that there are advantages and disadvantages to both options.

Mr. Lindsey reviewed the advantages such as less bureaucracy; faster project timeline; leading to increased tax revenue of municipal office site of financing solely through the municipal bond market. He noted that the disadvantage is that interest rates are not locked and there are substantial up front issuance costs.

Likewise; he reviewed the advantages to option #2 (financing the municipal office project through USDA) such as the longer construction time allows additional setasides to reduce borrowing amount; and there is additional advantage with a timeline delay with impact to debt service.

The disadvantages of financing with USDA include a longer construction timeline that could lead to construction cost escalation and a longer delay in realization of tax revenue. Mr. Lindsey reviewed several charts and graphs.

Mrs. Varricchio stated that at this time both options are being pursued; no decisions are being requested. Responsive to inquiry from Mr. Willis, it was noted that the First Selectman and Treasurer are charged with determining the ultimate financing vehicle. Mr. Walter stated that he would not make a determination without consulting with the Board of Finance.

Mr. Willis inquired if the project anticipates grants. It was noted that there is approximately \$500,000 in state aid. It was noted that the elementary school project will receive state aid but the total reimbursement amount has yet to be determined. Mrs. Varricchio also stated that the projects will likely require several short term bond anticipation notes rather than one bond issue.

Discussion was held relative to the costs associated with construction escalation costs with projects delayed. It was also noted that at 3.6% locked interest rate, it is not as advantageous to remain with USDA. They have, however, indicated a reduction to a 3%. It was further noted that once locked, the town would enjoy the benefit if interest rates were to decrease. They would also be guaranteed that the rates would be locked at a set flat rate in the event of an increase. Mr. Mansfield stated that the project carries a 4% construction escalation. Mrs. Varricchio added that the intent is and always has been to finance for no more than 20 years.

3. Potential Solar Farm Discussion: Mr. Walter introduced Frank and Vicki Pach who discussed a proposal to create a 13 megawatt solar farm on approximately 45 acres. Mr. Pach stated that his father was born in Moodus in 1920 and purchased the farm where they reside in 1950. He stated that the investment has been made in the community and there are no plans to leave. He stated that presently the property in question generates approximately \$500 annually in taxes. He stated that with the proposal, it would generate \$80,000 of tax revenue for the town. He stated that the panels may be viewable from the second floor of Steven Parady's apartments in the winter months otherwise there would be no visibility. The Aresco representative also presented an architectural drawing of the property that showed where the panels will be located.

Mr. Pach introduced Paul and Jim from Aresco the vendor who will put in the panels. They noted that the intent is to sell the energy back to Eversource. In order to stay competitive the variables need to be eliminated. The big variable is taxes. What is being requested is a flat fixed rate property tax. It was noted that the present use of the property is as cattle fields. Mr. Walter stated that as First Selectmen he solely provided a letter of support. He stated that if the project moves forward the Board of Selectmen, Board of Finance and Legislative Body support would be required.

Attorney Richard Roberts, stated that he reviewed similar proposals in the town of Bozrah and Beacon Falls and would envision an agreement could be structured based on those models. The necessity to eliminate the uncertainty and provide a fixed cost would be paramount to the project moving forward.

It was reiterated that this meeting was informational only at this time. Responsive to inquiry from Mr. Willis, it was noted that this was not a net metering venture. Further, the proposal would be under the jurisdiction of the Siting Council and not our local regulatory boards.

4. Audience of Citizens: There were no further citizen's comments at the meeting.
5. Adjournment: There being no other business to discuss, a motion was made by Mr. Walter, seconded by Mr. Malavasi, to adjourn the meeting at 8:03pm. Unanimous aye.

Respectfully submitted,

Susan Link, Secretary