

RECEIVED FOR RECORD

EAST LYME, CT EAST LYME BOARD OF SELECTMEN

2023 AUG 30

SPECIAL MEETING OF AUGUST 29, 2023
EAST LYME TOWN HALL UPPER MEETING ROOM

Zoom Meeting

 <https://us02zoom.us/j/81965899937?pwd=K0pzbmJyc1BJRzBvYINMRG>

TOWN CLERK

hyWldwdz09

Meeting ID 819 6589 9937

Passcode 314418

7:00 p.m.

Present: Kevin Seery, First Selectman, Anne Santoro, Bill Weber, Dan Cunningham, Rose Ann Hardy and Ann Cicchiello (by Zoom)

Also Present: Gary Goeschel, Town Planner, Attorney Block and Attorney Sisley

1. Call to Order & Pledge of Allegiance

The meeting was called to order at 7:00 and the pledge was recited.

2. Delegations-none

3. Discussion and Possible Action-Authorize the First Selectman to enter into a contract with the East Lyme Land Trust for the purchase of the Specified properties at Hathaway Farms, Oswegatchie Hills, and Brainard Road.

K. Seery said the Town has been discussing buying the Hathaway Property for the last year and a half. The property was a top priority for open space in the most recent Plan of Conservation and Development (POCD). The East Lyme Land Trust (ELLT) bought the property in September 2022 and put Oswegatchie Hills and Brainard Road properties as collateral for the purchase.

The town has an opportunity to purchase all three properties: Oswegatchie Hills, (119.6 acres), Hathaway Farms (114 acres), and Brainard Road (22.2 acres).

K. Seery described the Hathaway Farms property as located in the northwest corner of Pattagansett Lake. The ELLT purchased the property for approximately \$2.3 million, September 2022.

The recent history of the purchases of the Hathaway property was presented. The original property has been subdivided over the last several years, some of which can be developed.

The Oswegatchie Hills property consists of several pieces of property owned by the ELLT. One piece was donated by Norm Peck Jr. and the deed specifically states the land is to be held as open space in perpetuity. The largest piece does not specifically say in the deed that it needs to be saved as open space, although the property card

describes it as open space. The land would be difficult to develop due to its topography.

The parcel which abuts Damon Heights has a conservation easement so it cannot be developed.

The remaining parcels are landlocked and cannot be developed.

There are numerous hiking trails and an ELLT management plan that calls out the natural, historical, aesthetic, watershed, or biological significance of the property.

The property was used as collateral for the Hathaway property.

The Brainard Road property is 22 acres and deeded to the ELLT for open space but there is nothing in the document that states it has to be used for open space. This property was also used as collateral for the purchase of the Hathaway Property.

Brainard Road has numerous trails which can be accessed by Giants Neck Beach and Giants Neck Heights. According to the appraisal the property could have a new road into the property which could open it up for development, making it more valuable.

The three properties were appraised at:

The estimated purchase price with closing expenses is \$2,250,000. The funds to offset the purchase are the \$400,000 DEEP Grant currently held by the ELLT which would be required to be transferred to the town. There is \$220,000 in the town's open space fund balance account. The amount to be funded is \$1,750,000.

Kevin Gervais, Finance Director explained the options for financing the purchase:

- Take from the General Fund Unassigned Fund Balance
- Borrow from General Fund Unassigned Fund Balance
- Short term note (roll into bonding next year)
- Pay out of Bonded/CNR and replenish next year.
- Pay for purchase out of Bond Fund (or CNR) and reimburse the fund next year when bonds are issued.

He explained the pros and cons of each option.

K. Gervais estimated that the final amount to be funded would include approximately \$100,000 in closing costs.

The funding options were thoroughly discussed with the auditors. K. Gervais said the bond ratings usually look at the General Fund when they rate.

Attorney Block informed the members that he has had informal discussions with the ELLT and he is confident that the price will not change. He said that once the authorization from the Board for the First Selectman to sign the contract has been made, he can sign immediately. The contract is subject to the terms of the resolution. If any of those terms were to fail, the contract would be null and void. The Town will be negotiating with the ELLT.

K. Seery gave the members the timeline for the property acquisition which includes:

- Planning Commission review 8-24
- Presentation to the Board of Finance
- Board of Selectmen set date for Public Hearing
- Public Hearing
- The Board of Selectmen requests Board of Finance approve appropriation to purchase properties and sets a date for referendum by ballot.
- Board of Finance acts on Board of Selectmen request
- Referendum by ballot

The referendum is currently scheduled for October 17, 2023. K. Seery has been assured by the Registrars of Voters that the date will not interfere with the General Election.

MOTION: (Santoro/Cunningham) Resolution for First Selectman to Enter into Purchase and Sale Agreement with the East Lyme Land Trust, Inc.

WHEREAS, the Town of East Lyme has an opportunity to acquire property known as the Hathaway Farm Parcel, the Oswegatchie Hills Parcel and the Brainard Road Parcel from the East Lyme Land Trust, Inc.; and

WHEREAS the Charter of the Town of East Lyme grants the power to the Board of Selectmen to acquire land subject to approval at a Town referendum and approval of financing from the Board of Finance; and

WHEREAS, the Board of Selectmen, in consultation with Special Town Counsel and evaluation by an independent appraiser, have determined that the acquisition of the property known as the Hathaway Farm Parcel, the Oswegatchie Hills Parcel and the Brainard Road Parcel from the East Lyme Land Trust, Inc. is necessary to preserve the property as open space and to preserve

the Town's trail system and that the terms of the purchase are fair and reasonable; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SELECTMEN OF THE TOWN OF EAST LYME:

- 1. The Town of East Lyme acting by its First Selectman, execute a Purchase and Sale Agreement for the purchase of certain property known as Hathaway Farms Parcel (Map 35/Lot23), Oswegatchie Hills Parcels (Map 21.2/Lot22, Map 21.2/Lot 45, Map 26/Lot 5, Map 26/Lot 6-1, Map 26/Lot 6-2 and a 15.24 acre conservation easement from Mount Tabor, LLC) and Brainard Road Parcel (Map 7.4/Lot 22), collectively the "Properties") from the East Lyme Land Trust, Inc. for the purchase price of Two Million, Two Hundred Fifty Thousand (\$2, 250,000.00) Dollars, which purchase and sale agreement shall contain the following conditions:**
 - a. The price is contingent upon the Seller being able to assign the Four Hundred Thousand (\$400,000) Dollar Grant from DEEP to the Town of East Lyme;**
 - b. Confirmation from Buyer's Title Company that the Lost Deed Affidavit/Replacement Deed is valid and the East Lyme Land Trust, Inc. holds valid Title to the Properties;**
 - c. Title must be free and clear except for conservation restrictions- releases to be provided for all mortgages and other encumbrances including but not limited to any land swap agreements, reversion rights etc. whether said encumbrances are recorded or unrecorded;**
 - d. Taxes to be brought current on the Properties on or before the closing date; and**
 - e. Such other provisions that the First Selectman with the advice of Special Counsel deems necessary to protect the interests of the Town of East Lyme.**

- 2. Any such Purchase and Sale Agreement shall be subject to the approval of the Board of Finance, the Planning Commission finding the purchase is consistent with the Plan of Conservation and Development and all necessary approvals at a Town referendum.**

3. That the First Selectman be authorized to close on the purchase of the Properties subject to the terms and conditions of the Purchase and Sale Agreement, as approved by the Board of Finance and at a Town referendum.

Vote: APPROVED unanimously.

4. Public Comment-none

5. Adjourn

MOTION: (Santoro/Weber) to adjourn at 7:50. Vote: APPROVED unanimously

Respectfully submitted.

Sue Spang

Recording Secretary

Board of Selectman Presentation
August 29th, 2023

Kevin Seery
First Selectman

Properties for Purchase

- ▶ Hathaway Farms
 - ▶ Approximately 114 acres

- ▶ Oswegatchie Hills
 - ▶ Approximately 119.6 acres

- ▶ Brainerd Road
 - ▶ Approximately 22.2 acres

Property 1: Hathaway Farms

- ▶ Remaining parcels of Hathaway Farms
 - ▶ Located Northwest corner of Pattagansett Lake
 - ▶ Approximately 114 acres
 - ▶ East Lyme Land Trust purchased from Hathaway Farms LLC for approximately \$2.3 million on September 2022.

Property 1: Hathaway Farms

- ▶ **June 2021:** Entire parcel (138 acres) purchased by Hathaway Farms LLC for \$1,050,000
- ▶ **April 21, 2022:** 9.9 acres of prime waterfront real estate was sold by Hathaway Farms LLC in a private sale for \$649,000
- ▶ **September 12, 2022:** 6.6 lakefront acres were transferred from Hathaway Farms LLC to Portside Holdings and English Harbor Capital Partners, a related entity to Hathaway Farms LLC. No purchase price indicated.
- ▶ **September 29, 2022:** Remaining 122.5 acres were sold to East Lyme Land Trust by Hathaway Farms LLC for \$2.3 million
 - ▶ Caveat in purchase agreement regarding reversion of parcels back to Hathaway Farms LLC totaling 12.65 acres leaving approximately 114 acres

Property 1: Hathaway Farms

ORIGINAL HATHAWAY PROPERTY CONFIGURATION OUTLINED IN RED
ORIGINAL PARCEL PURCHASED BY HATHAWAY FARM, LLC



Property 1: Hathaway Farms

AREAS REMOVED FROM EAST LYME LAND TRUST OWNERSHIP

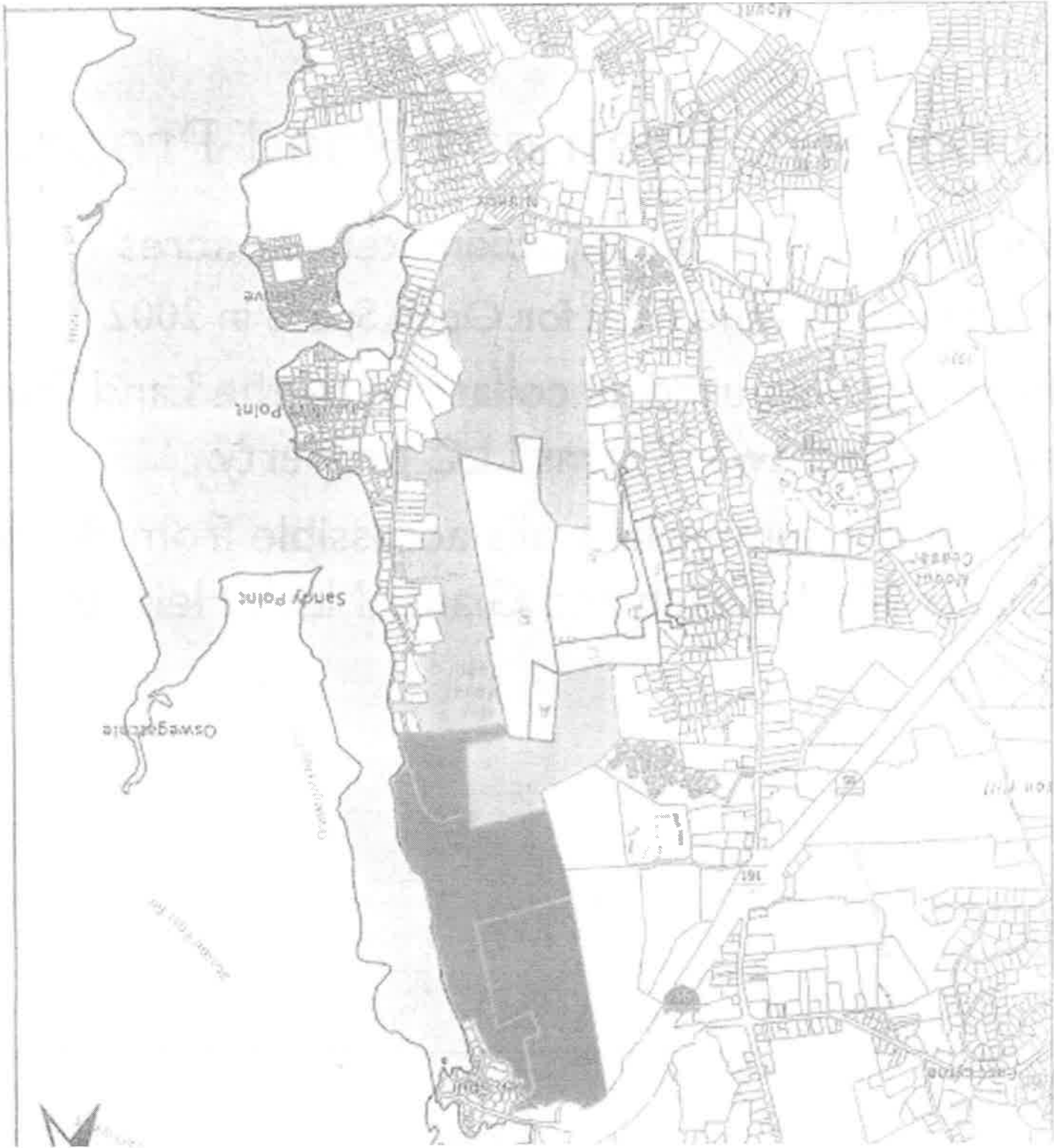


Property 2: Oswegatchie Hills

- ▶ Specified parcels were conveyed to East Lyme Land Trust in 2002-2003 timeframe to be preserved as Open Space
- ▶ Parcel A
 - ▶ Deed restricted
- ▶ Parcel B:
 - ▶ Not specified as being preserved for Open Space.
 - ▶ Difficult to develop due to topography
- ▶ Parcel C
 - ▶ Conservation easement
- ▶ Parcels D, E and F
 - ▶ Undevelopable parcels of land

Property 2: Oswegatchie Hills Cont'd

- ▶ Currently there are numerous hiking trails in use in Oswegatchie Hills Nature Preserve including Parcel B
- ▶ Oswegatchie Hills Nature Preserve Management Plan
 - ▶ Nature Preserve is to be used for the benefit and enjoyment for the people of the State of CT and the general public.
 - ▶ The Uses and Management practices of the management preserve will be those which will not compromise the natural, historical, aesthetic, water shed, or biological significance of the property.
- ▶ Property was used as collateral by the Land Trust to secure Hathaway Farms LLC property



Property 3: Brainerd Road Property

- ▶ One parcel of land approximately 22 acres
 - ▶ Deeded to Land Trust for Open Space in 2002
- ▶ Property was used as collateral by the Land Trust to secure Hathaway Farms LLC property
- ▶ Currently numerous trails accessible from Brainerd road, Giants Neck Beach and Giants Neck Heights

SUBJECT OUTLINED IN RED FROM EAST LYME GIS
NO ACTUAL FRONTAGE ON BRAINERD ROAD
SUBJECT LOCATED ON WEST SHORE OF NILES CREEK



Getting into the numbers...

- ▶ Purchase Price: \$2,250,000 for all three properties
 - ▶ Based on appraisals from Russ Appraisal Services:
 - ▶ Hathaway Farms LLC Parcel: \$1,595,000
 - ▶ Oswegatchie Hills Parcels: \$575,000
 - ▶ Brainerd Road Property: \$125,000
 - Subtotal: \$2,295,000

Funding Options

- ▶ Purchase Price: \$2,250,000
- ▶ \$400,000 DEEP Grant currently being held by the East Lyme Land Trust transferable to the Town of East Lyme.
 - ▶ Must be able to be transferred to the Town of East Lyme.
- ▶ Open Space Fund Balance Available: \$220,000

Financing Options

- ▶ Option 1: Take from General Fund (GF) Unassigned Fund Balance
 - ▶ Immediate impact to unassigned fund balance
 - ▶ Potential to adversely affect Town's credit rating
- ▶ Option 2: Borrow from GF Unassigned Fund Balance
 - ▶ Short term impact at Year End (YE) 2024
 - ▶ Replenished fund balance after YE2024 close, in FY2025.
 - ▶ Potential to affect Town's credit rating
- ▶ Option 3: Short term note (roll into bonding next year)
- ▶ Option 4: Pay out of Bonded/CNR and replenish next year
 - ▶ Town will lose some interest income, but save on expenses

Financing Options Cont'd

- ▶ Option 4: Pay for purchase out of Bond Fund (or CNR) and reimburse the fund next year when bonds are issued.
 - ▶ Town already expects to issue bonds next year so we can realize savings by waiting
 - ▶ Does not impact General Fund Unassigned Fund Balance

Financing Options Cont'd

Cost Breakdown

Purchase Price	\$	2,250,000
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Other Expenses		
Attorney Fees (est.)	\$	25,000
Bond Counsel (est.)	\$	10,000
Closing Costs (est.)	\$	45,000
Other Fees (est.)	\$	20,000
		<hr/>
Expected Expenses	\$	2,350,000
Less:		
DEEP Grant	\$	(400,000)
Open Space	\$	(200,000)
		<hr/>
Funding Needed	\$	1,750,000

Financing Options Cont'd

Interest Income Opportunity Cost Calculation

Cash needed	\$ 1,750,000
% Invested on average	66.60%
Invested Funds	\$ 1,165,500
Interest Rate (Blended)	4.59%
Estimated Interest Income Lost	\$ 57,751

Loan/Interest Calculation

Loan Principal	\$ 1,750,000
Estimated Interest Rate	7.50%
Monthly Interest	0.63%
Monthly Interest Payment	\$ 10,938
Annual Interest Payments	\$ 131,250

Timeline

Property Acquisition Timeline

- | | |
|------------------|--|
| Sept 12th | Planning Commission Review |
| Sept 13th | First Selectman presents to Board of Finance
No action taken at this meeting. |
| Sept 20th | Board of Selectman set date for Public Hearing |
| Sept 27th | Public Hearing |

Property Acquisition Timeline

- | | |
|----------|---|
| Oct 4th | BOS requests BOF approve the appropriation to purchase properties
Set date for a referendum by ballot if BOF approves request. |
| Oct 5th | BoF acts on BOS request. |
| Oct 17th | Referendum by ballot |