

Board of Finance October 5th, 2023 Special Meeting
Minutes

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TOWN CLERK

Minutes of Board of Finance October 5th, 2023, Special Meeting - 10/05/23

Date and time: 10/05/23 6:00 PM to: 10/05/23 6:37 PM

Present: Brooke Stevens, Recording Secretary, Members Present:, Paul Maxfield, Lauren McNamara, John T. Birmingham, Vice Chair, Peter Derosa, Denise Hall, Chairperson, Richard Steel

CC: Kevin Gervais, Finance Director, Kevin Seery, First Selectman

Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue

Link: <https://app.meetingking.com/meetings/405528>

Topics

1. Call Meeting to Order & Pledge

Note Chairperson Hall called the October 5th, 2023, Special Meeting of the Board of Finance to order at 6:00 p.m. and led the Pledge of Allegiance.

2. Delegations

Note There were none.

3. New Business

3-1. Discussion and Possible Action - East Lyme Land Trust Specified Properties Known as Hathaway Farms, Oswegatchie Hills, and Brainerd Road.

Note First Selectman Seery came forward and gave a brief presentation utilizing the slides first shown at the September 27th, Public Hearing, for further illustration.

 [Land-Acquisition-Powerpoint-for-Public-Hearing.pdf](#)

Note Mr. Seery gave a brief history of the land parcels and shared some of the following:
The proposed property purchase consists of approximately 114 acres of Hathaway Farms, approximately 119.6 acres of Oswegatchie Hills, and approximately 22.2 acres of Brainerd Road.
The acreage for Oswegatchie Hills is more accurately 134 acres because it includes a conservation easement.
The difference in acreage was not included in the appraisal and work done, since it's part of the conservation easement.
The Hathaway Farms property has always been deemed as the number one parcel in town for open space per our POCD.
In lieu of that, they're being offered about 114 acres of the original 137 acres.
The best parts have been cut off.
Our appraiser has said on the northwest side, there'd be about 30 or so lots that would be able to be developed for single family residences.
Once you go more southeasterly the topography gets really difficult, it would be hard to develop, and is not suited for drainage or the like.
He doesn't think there'd be an ability to do any significant development in that area.
But as somebody pointed out the public hearing last week, never say never because things could possibly be developed in the future, you never know.
However, we would lose all those trails in that area, which would be roughly half of the trails that we have up in the upper Oswegatchie area.

Our appraiser says the property is worth \$1,595,000.

The largest part the 88 acres where the trails are, the Mitchell's donated to the Land Trust for open space. Unfortunately, when this land was donated, they didn't specify in perpetuity like Norm Peck did with his parcel.

Mr. Peck's former parcel is worth \$575,000 and because of the ravine, is not accessible for development. The Ravenswood area has a little over 20 acres and is worth \$125,000 because right now there's no road access to it.

This is the one area that we could possibly see significant development if someone were able to extend the road.

Howard Russ, our appraiser, said this is a desirable place to keep.

If you look through the appraisal, you'll see there's a lot of photos that show trails that have been maintained and constructed by people from Giants Neck Beach Association and Giants Neck Heights. This land was deeded to the Land Trust for open space by the Raven family and was used as collateral to secure the Hathaway Farm property.

Appraiser's estimate for Hathaway Farms LLC Parcel- \$1,595,000.

Appraiser's estimate for Oswegatchie Hills Parcels- \$575,000.

Appraiser's estimate for Brainerd Road Property- \$125,000.

Total estimated worth- \$2,295,000

Offer price for all 3 parcels- \$2.25 million.

This differs from the appraisals the Land Trust got when they purchased it, but we're basing it on our appraisal from Howard Russ.

In terms of funding, we have \$220,000 in our open space fund.

We might leave a little bit in this account given the \$400,000 DEEP Grant currently being held by the East Lyme Land Trust, which is transferable to the Town of East Lyme, and must be able to be transferred to the Town of East Lyme for the contract to proceed.

We haven't been guaranteed it yet, but we've been told it is not uncommon for this to occur here.

They don't want to guarantee it at this point because although we have a contract, they haven't definitely said yes.

He doesn't think the Board of Finance would like to see the remaining costs be covered by the General Fund, so the next option would be a short term note with a local bank or financial institution, that will roll into next year's bond package.

The next option would be to pay the costs out of the Capital Project Funds and replenish it next year.

The Town will lose some interest income but save on expenses.

The final option would be to pay for purchase out of Bonded Capital Fund (CNR) and reimburse the fund next year when bonds are issued.

The Town already expects to issue bonds next year so we can realize savings by waiting and it does not impact the General Fund Unassigned Fund Balance.

Note Mr. Maxfield asked if there are any legal proceedings going on in the background that they should be aware of, and Mr. Seery offered the following response:

There have been some newspaper articles stating that the Attorney General's office is looking into some of the land acquisitions by the East Lyme Land Trust.

He himself met with a land use attorney to inquire about the land originally donated to the Land Trust for open space, which they used as collateral for their Hathaway Farm land purchase.

The attorney advised him that it may violate their bylaws and is perhaps not the most ethical thing to do, but it doesn't raise to the level where it would be considered illegal.

The Land Trust can argue that they put this up given the aquifer and desirability of Hathaway Farm, that this is an area that they need to preserve, so it was worth taking these drastic measures.

Note Mr. Maxfield said this particular purchase doesn't fall under the jurisdiction of the Attorney General and Mr. Seery replied that if the property is foreclosed upon, they will lose access to it.

Note Mr. Birmingham said Mr. Seery mentioned a clean title search and asked when that should be finalized. Mr. Seery replied that it should be completed in the next week or so.

Note Mr. Birmingham also asked when he believes the contract might be signed so they can move on with the purchase, and Mr. Seery replied that they have a price agreement, and if it moves to referendum and is approved, the closing paperwork will be completed after that, more specifically on January 1st, 2024.

Note Ms. Hall said the following:

Last night the Board of Selectmen unanimously approved to go forward with this.

The role of the Board of Finance is to see how we can pay for it, and if the town has the money to pay for it. She worries about debt and reducing debt, so she asked Mr. Gervais if he could come up with a sort of financial analysis in regard to this purchase and what costs they might be avoiding as well, by proceeding with the purchase.

The idea is, that the only way we keep taxes down is by growing the grand list.

If we remove all this property from potential development, it makes it hard to continue to grow the grand list.

On the other hand, it's those costs that we don't think about that may offset that decision.

If homes are built, and there's town infrastructure that is needed, families moving in, and the like.

In terms of funding, option 3, (Pay for purchase out of Bonded Capital Fund (or CNR) and reimburse the fund next year when bonds are issued), makes the most sense.

Note Mr. Gervais shared some of the following:

It could be more or less, but he estimated 15 homes on Brainerd, 30 on Hathaway, and 0 on Oswegatchie Hills.

The biggest item is education, how many students live in these homes.

For the US Census in East Lyme, the average family is 2.6 members per household.

The average student per pupil cost was \$17,750, as of 2020, so likely \$20,000 by today's standards.

With .8 students per household, which is a conservative number, \$400,000-\$600,000 homes,

Those 45 houses together represent \$27 million which would have an effect less than a half a mil, on the mil rate.

BOE 2020 per pupil costs for these homes would be \$639,000.

This represents one student per house and doesn't take into account any Special Education students.

Tax revenue brought in by these homes would be around \$470,000.

Note

Decision MOTION (1)

Mr. Birmingham RESOLVED:

Section 1, the Town desires to purchase for Open Space Preservation certain properties more specifically described in the purchase agreement to be executed by the Town with respect to the properties generally known as Brainerd Road Property, the Oswegatchie Hills Property, and the Hathaway Farms Property (The Properties.) The cost of such real property exceeds \$10,000 and as such requires approval of the Town Meeting as described in Charter Section 7.7. The Purchase of the Properties for the amount not to exceed \$2,250,000 is hereby approved.

Section 2, to meet the cost of said Properties an appropriation in the amount of \$200,000 from the Open Space Fund is hereby approved.

Section 3, Pending the Issuance of the Bonds authorized to finance the purchase of the property, the Town will fund the expected expenditure from the monies held in the Bonded Capital Fund to the General Fund and reimburse the Bond Capital Fund upon Issuance of the Bonds for the Town in 2024. The temporary transfer from and reimbursement of the Bonded Capital Funds is hereby approved.

Mr. Maxfield seconded the resolution.

Motion carried, 6-0-0.

Decision MOTION (2)

Ms. McNamara moved that Whereas the Town desires to purchase for Open Space Preservation certain properties as more specifically described in the purchase agreements to be executed by the Town with respect to the properties generally known as the Brainerd Road Property, the Oswegatchie Hills Property, and the Hathaway Farms Property, together, the Properties.

WHEREAS the Town desires to fund the purchase of the Properties from various sources including an appropriation from the Town's Open Space Fund and a temporary transfer of funds on hold in the Town's Bonded Capital Fund. Now therefore, be it Resolved by the Board of Finance that Section 1, to meet a portion of the cost of said Properties an appropriation in the amount of \$200,000 from the Open Space Fund is hereby approved. Section 2, pending the approval and the issuance of the Bonds authorized to finance the purchase of the Properties the Town is authorized to fund the purchase of the Properties for monies held in the Bonded Capital Fund of the General Fund and to reimburse the Bonded Capital Fund upon the issuance of Bonds by the Town. The temporary transfer from and reimbursement of the Bonded Capital Funds is hereby approved.

Mr. Derosa seconded the motion.

Motion carried, 6-0-0.

Note Mr. Gervais clarified that upon speaking with Bond Council, they're going to authorize the full amount but they're not issuing it, and next year, when they go to Bond, they will retract whatever they're not Bonding.

Decision MOTION (3)

Mr. Maxfield RESOLVED:

That the resolution entitled "Resolution Making Appropriations Aggregating \$2,350,000 For The Purchase Of Properties For Open Space Preservation And Authorizing The Issuance Of \$2,350,000 Bonds Of The Town To Meet Said Appropriations And Pending The Issuance Thereof The Making Of Temporary Borrowings For Such Purpose", a copy of which is attached hereto, be adopted and recommended for approval by the Board of Finance and the legal voters of the Town in a Special Town Meeting.

Mr. Birmingham seconded the resolution.

Motion carried, 6-0-0.

Decision MOTION (4)

Mr. Maxfield RESOLVED:

That the resolution entitled "Resolution Approving The Purchase Of Real Property For A Cost Not Exceeding \$2,350,000," a copy of which is attached hereto, is hereby adopted and recommended for approval by the Board of Finance and the legal voters of the Town at a Special Town Meeting.

Mr. Birmingham seconded the resolution.

Motion carried, 6-0-0.

Note Mr. Seery said the Board of Selectmen will be meeting at 7:30 p.m. to take action, and the Referendum will take place on October 17th, 2023.

4. Public Discussion

Note There was none.

5. Board Comments

Note There was none.

6. Adjournment

Decision MOTION (5)

Mr. Birmingham moved to adjourn the BOF October 5th, 2023, Special Meeting at 6:37 p.m.

Mr. Maxfield seconded the motion.

Motion carried, 6-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary