

**TOWN OF WINDSOR, CONNECTICUT**

**Special Meeting Notice**



**AGENCY:** Finance Committee

**DATE:** July 1, 2019

**TIME:** 6:45 PM

**PLACE:** Town Hall – Ludlow Room


**AGENDA**

1. Call to Order
2. Public Comment
3. \*Discussion of Sardilli Fixed Assessment Agreement
4. Staff Reports
5. Approval of Minutes
  - a) \*June 10, 2019
6. Adjournment

\*Backup materials

Public Act 75-312 requires notice of Special Meetings to be posted in the Town Clerk's Office not less than 24 hours prior to the time of such meeting. No other business shall be considered at this meeting than that listed on this Agenda.

## Agenda Item Summary

Date: July 1, 2019  
To: Members of the Finance Committee  
Prepared By: James Burke, Economic Development Director  
Reviewed By: Peter Souza, Town Manager   
Subject: Application for Fixed Assessment - Sardilli Project

### Background

Sardilli Produce and Dairy Co., Inc., is a Hartford-based, family-owned produce and dairy distributor, processor and packager of precut produce. Their customer base includes restaurants, schools, universities, and other institutions. They have been in business since 1955.

In recent years, the company has been growing, particularly in its precut produce operation. To sustain this growth, it needs to secure a larger facility. After considering several options including construction of a new building, the company found an existing building in Windsor that can be renovated to meet its requirements. They propose to purchase, renovate and expand the former Konica-Minolta distribution/training center at 550 Marshall Phelps Road. The plan calls for renovations to create refrigerated processing and storage areas, to expand existing loading docks, to construct a vehicle maintenance building, and to complete site work at a cost of approximately \$15.4 million. Sardilli will also invest another \$600,000 in personal property.

The company currently has 113 employees and is projected to add 50 to 100 new jobs as the operation grows over the next five years. These positions include food prep workers, material movers and drivers, as well as administrative and other personnel. The projected average annual wages for these employees is more than \$5 million.

The applicant has respectively asked if the Town Council would consider reviewing and acting upon the requested abatement on July 1<sup>st</sup> as they have a Purchase & Sales agreement on the building with certain milestones they need to meet in July. Without a second Council meeting in July, the company is stating their ability to meet the various due diligence milestone dates is likely not possible.

### Discussion/Analysis

The Sardilli project qualifies for consideration under the town's economic incentive policies as a manufacturing firm per the Manufacturing Assistance Act. This is because of the company's precut produce processing operation, which employs a large percentage of its workforce and is the primary reason for its planned expansion.

The cost of the taxable real property improvements proposed by the company total approximately \$13.12 million. Per the assessment abatement policy, this level of investment by a new business would permit the Town Council to set an abatement schedule with a maximum average percentage abatement of 40% over a maximum term of four years.

Attached to this memorandum is a proposed draft Fixed Assessment Agreement. This document follows the form of previous agreements and provides for a four-year, 40% average abatement of real property taxes for the proposed addition, subject to the following conditions:

- a. Minimum investment in real estate improvements of \$13.12 million by no later than eighteen (18) months following closing on its purchase of the property;
- b. Minimum investment of \$600,000 in personal property by no later than eighteen (18) months following closing on its purchase of the property; and
- c. Company will make good faith efforts to recruit Town residents for employment although it is under no obligation to hire.

#### Financial Impact

Attached is a summary of projected real property tax revenues over the four-year fixed assessment period based a 32.38 mill rate and a 40% average abatement of new real property assessment. This analysis shows that over the fixed assessment period, the company will receive a total tax savings benefit of \$342,463. Over this same period, the Town will receive \$513,695 in net new real property tax revenues. This amount is in addition to the taxes the Town will receive for the existing facility, new taxable personal property and the company's motor vehicles.

#### Other Board Action

The Economic Development Commission reviewed the Sardilli application at a special meeting held on June 24. The Commission found that the project is eligible under the town's economic incentive policies and will provide an economic benefit to the community. It voted unanimously to recommend favorable consideration of the proposed assessment abatement by the Town Council.

The Town Planning and Zoning Commission approved special uses and a site plan for the project at its June 11, 2019 meeting. The Inland Wetlands and Watercourses Commission approved the site plan at its June 4, 2019 meeting.

#### Recommendation

If the Finance Committee is in agreement, the following motion is recommended for approval:

**“MOVE that the Finance Committee recommend that the Town Council approve the Fixed Assessment Agreement between the Town of Windsor and Sardilli Produce and Dairy Co., Inc., and that the Town Manager be given authorization to sign the agreement on behalf of the Town of Windsor.”**

#### Attachments

Sardilli Assessment Abatement Application  
Sardilli Letter Requesting July 1 Approval  
Draft Fixed Assessment Agreement  
Fixed Assessment Property Tax Projections  
Fixed Assessment Policy

**Sardilli  
Fixed Assessment  
Abatement Application**

**Town of Windsor, Connecticut**  
**Fixed Assessment Application**

The purpose of this application is to present the Town of Windsor a reasonably comprehensive outline of the project for which an economic development incentive is sought. The applicant shall provide all required information in sufficient detail to allow the Town to determine costs and benefits associated with the implementation of a requested tax incentive. The Town may require additional information as it reviews the application.

Each application shall be accompanied by a filing fee of five hundred (\$500.00) dollars.

**SECTION A. COMPANY NAME AND CONTACT INFORMATION**

1. Official Name and Address of Company Sardilli Produce & Dairy Co., Inc.\*
2. Name of Contact Person Don N. Sardilli  
Phone (860) 305-7386 Fax (860) 293-1261 Email dons@sardilliproduce.com
3. Nature of Business Manufacture precut produce; storage & distribution of produce & dairy products.  
SIC or NAICS Code SIC 5148 / NAICS 424480  
Type of Product or Service Fresh fruits & vegetables / Wholesale distribution fruits & vegetables.
4. Federal Employer ID # 06-097-1884
5. Officers/Owners  

Name	Title	% Ownership
<u>Don N. Sardilli</u>	<u>President</u>	<u>100%</u>
6. Is the company current with all taxes or charges due to the Town of Windsor? N/A

**SECTION B. PROJECT INFORMATION**

1. Project Location 550 Marshall Phelps Road, Windsor, CT 06095
2. Provide an approximate number of FULL-TIME permanent jobs to be created in the next five years. See Note below.

Attach a table showing the five year hiring projections with annual average wage and salary estimates by position category. Table of current wages attached.

3. Estimate of the costs of the proposed improvements. \$16,000,000.  
Real property improvements (exclude land cost and soft costs) \$15,400,000.  
Personal property \$600,000.

4. Project schedule.

The closing on the purchase of the property is to take place within a couple of weeks of all approvals and permits for the project having been obtained. Construction of the improvements will commence shortly thereafter and is estimated to take from approximately 12-18 months with weather being a factor.

5. If the end user of the proposed facility is a lessee, then the tax benefits created by this abatement must be clearly reflected in the lease as accruing to the Applicant Company and the lease must be at least for the term of the abatement period. See note below.

**Town Policy Note:**

**A. Local Employment.** *The applicant shall commit to use its best efforts to make new job opportunities created by the project available to Windsor town residents.*

**B. Wages.** *The Town expects projects that pay at or above the median wage for similar positions in Hartford County.*

**SECTION C. PROPOSED ASSESSMENT ABATEMENT**

1. Please identify the fixed assessment schedule requested.  
Percent of assessment abatement - 80% year 1; 50% year 2; 20% year 3; 10% year 4  
Term of fixed assessment - 4 years
2. Please identify any other state or local incentives, financial or otherwise which are included in the project financing. Presently none.
3. Please provide a calculation of the taxes foregone based on the requested fixed assessment period. Based upon increased real property market value of \$9,443,200 and an average abatement of 40%, over the 4 years applicant will realize property tax savings of \$342,463.
4. Please provide a statement of the benefits to the Town for granting the requested tax assessment abatement including an estimate of local taxes to be paid and purchases from local vendors and a description of any planned corporate community involvement. The tenant of the proposed facility, Sardilli Produce & Dairy Co., Inc., will utilize the now vacant facility to grow its business and provide jobs. Sardilli will support local businesses and local farms, as well as local charities, community groups, sports and other activities, as is its practice.

**APPLICATION SUBMISSION**

The completed fixed assessment application and filing fee should be submitted to:

Economic Development Director  
Town of Windsor  
275 Broad Street  
Windsor, CT 06095  
860-285-1877  
[burke@townofwindsorct.com](mailto:burke@townofwindsorct.com)

\*Sardilli Produce & Dairy Co., Inc., presently the purchaser under a Real Estate Purchase and Sale Agreement of the land and building on which improvements are to be made, will be assigning its rights thereunder to a limited liability company which will purchase the land and building and then lease the improved facility to Sardilli Produce & Dairy Co., Inc. under a long term (10 yr initial term with 5 options to extend term for 5 years) triple net lease for Sardilli Produce & Dairy Co., Inc. to operate its business there.

Note - Section B, Item 2. As of July 7, 2017 Sardilli had 69 full time jobs. As of today June 20, 2019, Sardilli has 113 full time jobs, an increase of 44 full time jobs in the last 23 months. Moving into a larger facility upon its completion in about the next 12-18 months, Sardilli will begin to increase its business levels and its product offers. From that point forward, depending upon business conditions, Sardilli expects to create between 50 to 100 new full time jobs over the next 5 years.

Sardilli Produce and Dairy Co., Inc.  
 Current Schedule of Wages w/Benefits  
 June 20, 2019

POSITION TITLE	HARTFORD LMA	AVERAGE WAGE	No. of EMPLOYEES
Assitant Buyer	\$ 34.33	\$ 33.41	3
Outside Sales	\$ 28.27	\$ 32.14	3
Inside Sales	\$ 18.28	\$ 19.22	5
1st Shift Precut	\$ 11.89	\$ 13.68	32
3rd Shift	\$ 14.66	\$ 14.00	7
1st Shift Produce	\$ 11.89	\$ 12.51	11
Drivers	\$ 23.87	\$ 24.61	23
2nd Shift Selector	\$ 14.66	\$ 14.71	24
Management	\$ 30.91	\$ 38.05	5
<b>Total/Avg. Wage</b>	<b>\$ 20.97</b>	<b>\$ 22.48</b>	<b>113</b>

**Sardilli**  
**Letter requesting**  
**July 1, 2019**  
**approval**





SARDILLI PRODUCE & DAIRY CO., INC.

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June 25, 2019

Peter Souza, Town Manager  
Windsor Town Hall  
275 Broad Street  
Windsor, CT 06095

Dear Peter,

Thank you for taking the time to meet with us yesterday and go over our Tax Abatement Application. As we stated we are seeking to be part of the Monday July 1, 2019 agenda for the Town Council review and approval of the abatement application that was approved last night by the Economic Development Commission. I wanted to take a minute to go over a few key points as to explain our urgency. They are as follows;

1. We are seeking to move the company as quickly as possible and that entails beginning the renovations to the property. The approval of the abatement will allow us to move forward with the sale and begin the renovations.
2. We currently have a Purchase and Sale Agreement for 550 Marshall Phelps Road that has critical deadlines in July. We need to make fiscal related decisions which are based upon the approval of the Tax Abatement. If we do not have the abatement approval it will affect our decision to move forward with the property.
3. As you are aware, we are committed to this property and to Windsor. However, we do have pending Purchase and Sale agreement deadlines for another property in East Windsor. If the abatement is approved, and we are able to move forward with 550 Marshall Phelps Road, then we would be able to release ourselves from the property in East Windsor.
4. If we do not receive approval at the July 1 Town Council Meeting, then we are concerned that we will not be able to move forward and meet the deadlines of the purchase and sale agreement and possibly lose the property.

Peter, again thank you for your time, we hope that we have explained our position and the urgency of being placed on the July 1 Agenda for Approval.

Sincerely,

  
Don President, Sardilli Produce & Dairy Co., Inc.

**Sardilli**  
**Draft Fixed Assessment**  
**Agreement**

## FIXED ASSESSMENT AGREEMENT

THIS AGREEMENT made effective as of \_\_\_\_\_, 2019, by and between **Town of Windsor**, Connecticut, a governmental body organized under the laws of the State of Connecticut, 275 Broad Street, Windsor, Connecticut 06095 (“Town”), and **Sardilli Produce and Dairy Co., Inc.**, a Connecticut corporation having an address of 212 Locust Street, Hartford, Connecticut 06114 (“Company”).

### RECITALS

- A. Company has under consideration the lease of a property located at 550 Marshall Phelps Road, Windsor, Connecticut to be purchased by a third party landlord (“Landlord”) with plans to construct an addition and improvements to the existing structure and to construct an accessory maintenance and fueling facility thereon.
- B. Town has adopted an Assessment Abatement Policy in accordance with Section 12-65b of the Connecticut General Statutes, as amended, (the “Policy”), which provides for the abatement or reduction of certain ad valorem real estate tax for, inter alia, “Manufacturing Firms” as defined therein.
- C. Town has determined that said development qualifies as a manufacturing firm under the Policy and desires to offer the abatement of certain ad valorem real estate taxes hereafter to be assessed on said development as an inducement for Company to locate and expand its operations within Town.
- D. Company has provided Town information verifying that the tax benefits created by said abatement shall accrue to Company and that Company’s lease for the property shall be at least for the term of the abatement period as required by Policy.
- E. Town Council has adopted a resolution authorizing Town to enter into this Agreement.
- F. Town and Company now desire to enter into this Agreement to effect a Fixed Assessment of certain ad valorem real estate taxes which may be levied on said development.

NOW, THEREFORE, in consideration of the mutual promises contained herein, Town and Company hereby agree as follows:

### ARTICLE I – DEFINITIONS

Capitalized terms used and not defined herein shall have the definitions ascribed to them as set forth below:

Section 1.1 – Commencement Date. The term “Commencement Date” shall mean the date the Grand List is executed and confirmed by Town Assessor immediately following the date of the final certificate of occupancy for the Facility and completion of the conditions included in Sections 3.1 and 3.2 of this Agreement.

Section 1.2 – Facility. The term “Facility” shall mean all taxable improvements on or about the Land including all buildings, building additions, structures, refrigeration systems, foundations, fencing, curbing, light standards, walkways, access drives, parking areas but otherwise exclusive of Personal Property and Land.

Section 1.3 – Investment In The Facility. The term “Investment In The Facility” shall mean all hard costs capitalized as part of the Facility incurred by Company in expansion of the Facility, including the cost of materials, labor, fixtures, leasing of equipment, and all other hard costs capitalized as part of the Facility excluding land cost.

Section 1.4 – Investment In Personal Property. The term “Investment in Personal Property” shall mean all hard costs incurred or invested by Company in the fabrication, purchase, transportation and installation of all Personal Property located on or about the Land, including all manufacturing and vendor costs, sales taxes, and all other hard costs capitalized as part of the Personal Property at the Facility.

Section 1.5 – Personal Property. The term “Personal Property” shall mean all personal property of Company located on or about the Land or used as a part of the Project, including all equipment, furnishings, and computers.

Section 1.6 – Project. The term “Project” shall mean collectively the Facility, Personal Property and the Land.

Section 1.7 – Land. The term “Land” shall mean the premises generally known as 550 Marshall Phelps Road, Windsor, Connecticut.

Section 1.8 - Fixed Assessment - The term "Fixed Assessment" shall refer to Town's conferral, under Connecticut General Statutes 12-65b, of a fixed assessment on the Facility and Land which is equal to the portion of the assessed value, for a given year of the Fixed Assessment Period, as set forth in Section 2.1.

Section 1.9- Fixed Assessment Period - The term "Fixed Assessment Period" shall refer to a full four (4) assessment year period which shall begin upon the occurrence of the Commencement Date and continue until the full three years of assessment periods has been completed. Upon the passage of said four (4) year period, the fixed assessment period automatically shall expire subject to the provisions of Section 2.1.

## **ARTICLE II-TAX MATTERS**

Section 2.1 – Fixed Assessment. Town and Company agree that the Fixed Assessment for the Facility and the Land shall be fully effective during the Fixed Assessment Period. Furthermore, in the event that Town cannot confer the Fixed Assessment at any time during the Fixed Assessment Period pursuant to a court order or change in law applicable to fixed

assessment agreements entered into and effective prior to the date of such change in law, then the term of the Fixed Assessment Period shall automatically be extended by such time period in order to provide a full four (4) year period in which the Fixed Assessment is effective to the extent permitted by applicable local and State law, and Town shall undertake all reasonable efforts to effect said extension.

During the Fixed Assessment Period, Town shall establish the assessment of the Land and the Facility at the Fixed Assessment amount equal to the sum of the current valuation of the Land and existing Facility, as it may be adjusted by a town-wide revaluation, plus (a) twenty (20%) per cent of the assessed value of the expanded Facility for year one of the Fixed assessment Period, (b) ) fifty (50%) per cent of the assessed value of the expanded Facility for year two of the Fixed assessment Period, (c) ) eighty (80%) per cent of the assessed value of the expanded Facility for year three of the Fixed assessment Period, and (d) ) ninety (90%) per cent of the assessed value of the expanded Facility for year four of the Fixed assessment Period .

Section 2.2- Minimum Real Estate Tax Payment. During the Fixed Assessment Period, Company agrees to pay for each tax year a minimum ad valorem real estate tax payment for the Facility and the Land equal to the Fixed Assessment for each such year as set forth in Section 2.1 at the then-existing mill rate adopted by Town, subject to the provisions of this Agreement. Company shall make such payment no later than the applicable due dates of the tax billing or otherwise shall be subject to penalty interest for late payment. Effective upon the expiration or termination of the Fixed Assessment Period, Company shall have no further obligations under this Section 2.2.

Section 2.3- Personal Property Tax Payment. Company agrees to pay all taxes levied on the Personal Property by Town during the Fixed Assessment Period. Company shall make such payment no later than the applicable due dates of the tax billing or otherwise shall be subject to penalty interest for late payment.

Section 2.4 - Assessment and Revaluation. The Company shall have the right to appeal any increase in assessment due to a town-wide property revaluation pursuant to Connecticut General Statutes, sections 12-117A and 12-119, as amended. The assessment of the Land and Facility for the period prior to the Commencement Date shall be determined in the normal course pursuant to state and local laws.

### **ARTICLE III- MINIMUM INVESTMENTS**

Section 3.1 - Minimum Investment In The Facility. Company shall commence construction of the expansion of Facility promptly upon execution of its lease with Landlord. Company agrees to expend Investment In The Facility in accordance with the approved site plan of not less than \$13,120,000 no later than eighteen (18) months after Company commences construction, which deadline may be extended by the Town Council for up to one (1) six (6) month period provided that Town finds Company is diligently and continuously pursuing the completion of the Project.

Section 3.2 - Investment In Personal Property. Company agrees to make Investment In Personal Property of approximately \$600,000 no later than eighteen (18) months after Company

commences construction, which deadline may be extended by the Town Council for up to one (1) six (6) month period provided that Town finds Company is diligently and continuously pursuing the completion of the Project.

Section 3.3 – Schedule. No later than eighteen (18) months after Company commences construction or at the end of any approved extension period as provided in Section 3.1 and Section 3.2, Company shall furnish Town with a certificate confirming Company’s satisfaction of the obligations contained in Sections 3.1 and 3.2 hereof. Company, at the request of Town, further shall furnish Town with general information substantiating the expenditure of such investment. Town acknowledges that any certification from a third party architect, managing contractor, engineer, general contractor, vendor or manufacturer, which certifies such investment will satisfy any request by Town for additional evidence verifying the expenditure of such investment.

Section 3.4 – Failure to Comply. In the event the Company has not expended Investment in the Facility or made Investment in Personal Property as set forth in Sections 3.1 and 3.2 above within eighteen (18) months after commencement of construction or at the end of any approved extension periods as provided in Section 3.1 and Section 3.2, Town shall be entitled to terminate this Agreement. In the event of such termination by Town, then Town and Company shall not have any further obligation under this Agreement.

#### **ARTICLE IV– EMPLOYMENT MATTERS**

Section 4.1 – Town Residents. During the Fixed Assessment Period, Company shall exercise good faith efforts to recruit qualified residents of Town to fill part and full-time positions used for the Project; provided, however, that Company is under no legal obligation to hire any resident of Town for such purposes, it being understood that Company, in its sole discretion, will make the ultimate determination on whether or not a resident is qualified to fill a position or to hire such person. For purposes of this Agreement, Company’s good faith efforts shall include at a minimum providing notice of job openings to a designated representative of the Town for dissemination and may include, by way of example, organizing recruiting events, advertising and coordinating hiring efforts with the Town and local workforce organizations.

Section 4.2 – Wages. During the Fixed Assessment Period, Company shall exercise good faith efforts to pay its employees wages that are at or above the median wage for similar positions in Hartford County.

Section 4.3 – Annual Report. During the Fixed Assessment Period, Company shall provide to Town a report annually regarding Company efforts to recruit qualified residents of Town to fill positions as provided in Section 4.1 and Company wages as provided in Section 4.2. Said report shall be in writing upon the form attached hereto as Exhibit A – Annual Report.

#### **ARTICLE V – – OPERATION OF PROJECT**

Section 5.1 – Operation. During the Fixed Assessment Period and for a period of three (3) consecutive years thereafter, the Company agrees that it shall not:

5.1.1 Relocate the operations of Company associated with Facility outside of the Town of Windsor:

5.1.2 Permanently cease operations in the Town of Windsor for a cumulative period greater than one (1) year;

5.1.3 Fail to pay the taxes contemplated under this Agreement (subject to exercising Company's rights under applicable law); or

5.1.4 Declare bankruptcy.

Section 5.2– Remedies. In the event that Company is in Material Default (as defined in Article VII) under Sections 5.1.1 through 5.1.4 and such Material Default continues following notice by the Town as provided under Article VII, Town shall have the right to, as the sole and exclusive remedies for a Material Default, (i) terminate the Fixed Assessment for the balance of the Fixed Assessment Period, and (ii) recover all tax benefits provided to Company during the Fixed Assessment Period (i.e. the taxes that would have been payable by Company that were not paid as a result of the Fixed Assessment). In the event that Company has instituted appropriate administrative or legal proceedings challenging the amount of the statutory assessment of the Facility and Property, payment of any and all taxes shall be in accordance with Connecticut General Statute section 12-117 and other applicable law.

## **ARTICLE VI– REPRESENTATIONS AND WARRANTIES**

Section 6.1 – Town Representations and Warranties. Town hereby represents and warrants to Company as follows:

6.1.1 This Agreement is in material compliance with Town Charter and ordinances and with the Connecticut General Statutes, et seq. and all other applicable local and State law.

6.1.2 Town is a municipality duly organized and operating under the laws of the State.

6.1.3 Town has the power to enter into this Agreement and to carry out its obligations hereunder.

6.1.4 The execution and delivery of this Agreement, the conferral of the Fixed Assessment to Company, the performance of its other obligations contained in this Agreement, the consummation of the other transactions contemplated hereby, and the fulfillment of the compliance with the terms and conditions of this Agreement, by Town are not prevented by or result in a breach of, the terms, conditions or provisions of Town Charter, any statute, law, ordinance or regulation by which Town is bound, or any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Town is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

- 6.1.5 This Agreement has been duly authorized by Town Council, and is a valid and binding obligation of Town, and is enforceable in accordance with its terms against Town.
- 6.1.6 The representative of Town executing this Agreement is in good standing with Town, and is authorized to execute and deliver this Agreement, in such capacity.
- 6.1.7 There is no claim or litigation, or to the best of Town's knowledge, threat of any claim or litigation, against Town with respect to its execution and delivery of this Agreement or otherwise pertaining to the conferral of the Fixed Assessment or any other matter contained in this Agreement.
- 6.1.8 There are no actions, suits or administrative or legal proceedings pending, to the best of its knowledge, threatened against or affect Town or before any arbitrator or any governmental body in which there is a reasonable possibility of an adverse decision which could materially affect the financial condition of Town or which in any manner raises any question about the ability of Town to perform its obligations under this Agreement.

Section 6.2 – Company Representations and Warranties. Company hereby represents and warrants to Town as follows:

- 6.2.1 Company is a corporation organized under the laws of the State of Connecticut and is in good standing with the Secretary of State of Connecticut and is qualified to transact business in the State of Connecticut.
- 6.2.2 Company has the power to enter into this Agreement to carry out its obligations hereunder.
- 6.2.3 The execution and delivery of this Agreement, the performance of the obligations of Company contained in this Agreement, the consummation of the other transactions contemplated hereby, and the fulfillment of the compliance with the terms and conditions of this Agreement by Company are not prevented by or result in a breach of, the terms, conditions or provisions of any statute, law, ordinance or regulation by which Company is bound, or any contractual restriction, financing, agreement or instrument of whatever nature to which Company is now a party by which it is bound, nor do they constitute default under any of the foregoing.
- 6.2.4 This Agreement has been duly authorized by Company, and is a valid and binding obligation of Company and is enforceable in accordance with its terms against Company.
- 6.2.5 The officer of Company executing this Agreement is in good standing with Company and is authorized to execute and deliver this Agreement, in such capacity.



- 6.2.6 There is no claim or litigation, to the best of Company's knowledge, threat of any claim or litigation, against Company with respect to its execution and delivery of this Agreement, the conferral of the Fixed Assessment or any other matter contained in this Agreement.
- 6.2.7 There are no actions, suits or proceedings pending or, to the best of its knowledge, threat against or effect to Company or before any arbitrator or any governmental body in which there is a reasonable possibility of an adverse decision which could materially affect the ability of Company to perform its obligations under this Agreement.

### ARTICLE VII - DEFAULT

Section 7.1 – Town Default. In the event that Town fails to perform a material covenant or agreement, or to observe a material term or condition, contained in this Agreement and Company furnishes notice to that effect to Town, and Town fails substantially to rectify the same within thirty (30) days after receipt of notice, and such an additional reasonable time period as is necessary to rectify the matter if the nature of such non-compliance cannot be reasonably cured within said thirty (30) day period, so long as Town initiates the curing thereof within said thirty (30) day period and thereafter diligently prosecutes such curing, then Town shall be deemed to be in material default of this Agreement (such default after delivery of notice and failure to cure, a "Material Default"). In the event of Town's Material Default under this Agreement beyond applicable cure periods, Company shall be entitled to all rights and remedies at law or in equity.

Section 7.2 – Company Default. In the event of a Material Default by Company (after Town has provided notice and the opportunity to cure, in the manner described in Section 7.1), then Town, as its sole and exclusive remedy (except for Material Defaults under Sections 5.1.1 through 5.1.4 remedies for which are covered in Section 5.2), shall be entitled to terminate this Agreement, including without limitation, the Fixed Assessment, provided, however, that if a Material Default occurs as a result of Company's failure to pay ad valorem real estate or personal property taxes assessed by Town with respect to the Project, subject to the limitations and qualifications expressly contained in this Agreement, Town shall be entitled to assess all penalties and to exercise all rights accorded to it as a taxing authority under the Connecticut General Statutes.

### ARTICLE VIII- MISCELLANEOUS

Section 8.1 – Notices. All notices and requests required pursuant to this Agreement shall be sent by personal delivery, overnight courier, or certified mail as follows:

To Town:

Town of Windsor  
Windsor Town Hall  
275 Broad Street  
Windsor, CT 06095  
Attention: Town Manager

To Company:

Sardilli Produce and Dairy Co., Inc.,  
212 Locust Street  
Hartford, CT 06114  
Attention: Devin Sardilli

With a copy to:

Robert A. DeFrino, Esq.  
100 Trumbull Street #506  
Hartford, CT 06103  
Email: [rdefrino@hartfordctlaw.com](mailto:rdefrino@hartfordctlaw.com)  
Facsimile: (888) 391-6210

or at such other addresses as the parties may indicate in writing to the other by personal delivery, overnight courier, or certified or registered mail, return receipt requested, with proof of delivery thereof. Notices and requirements shall be deemed delivered to the address set forth above (a) when delivered in person on a business day, (b) on the same business day received if delivered by overnight courier, or (c) on the third business day after being deposited in any main or branch United States Post Office when sent by registered mail, return receipt requested.

Section 8.2- Successors and Assigns; Assignment. Company may not assign its rights and obligations under this Agreement except with permission of the Windsor Town Council which permission shall not be unreasonably denied. Notwithstanding the foregoing, the Town and the Company agree that the Company may assign its rights and interests in this Agreement without the permission of the Windsor Town Council (i) to any parent, grandparent, subsidiary or affiliate of the Company, (ii) to any company into which the Company or its parent or grandparent is merged or which results from the merger of the Company, or its parent, grandparent with any other entity, or (iii) to any purchaser of the Project in connection with a sale/leaseback or other financing arrangement including but not limited to the holder of any mortgage on the Project. All of the terms and provisions of this Agreement shall be binding on and inure to the benefit of all of the successors and assigns of the parties hereto.

Section 8.3- Amendment. This Agreement sets forth all the promises, inducements, agreements, conditions, and understandings between Company and Town relative to the fixing the assessments on the Facility and the Property and there are no promises, agreements, conditions, or understandings, either oral or written, express or implied, between them related thereto, other than as herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding on the parties hereto unless authorized in accordance with law and reduced in writing and signed by them.

Section 8.4- Counterparts. This Agreement (or any exhibit or addendum to it) may be executed by facsimile or electronically by email, and in counterparts, each of which (including signature pages) will be deemed an original, but all of which together will constitute one and the same instrument.

Section 8.5- No Admission as to Value. The parties acknowledge and agree that the values placed upon the Land, the Facility and/or the Improvements as a result of this Fixed Assessment Agreement shall not now or at any other time be construed as an admission by any party or as evidence of any kind as to the true fair market value of the Land, the Facility and/or the Improvements.

**[NEXT PAGE IS SIGNATURE PAGE]**

IN WITNESS WHEREOF, this Agreement has been executed by authorized representatives of the parties hereto and is effective as of the aforesaid date.

**TOWN OF WINDSOR**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SARDILLI PRODUCE AND DAIRY CO., INC.**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF CONNECTICUT                    )  
  )        ss.:  
TOWN OF WINDSOR                         )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2019 by Peter P. Souza, as the Town Manager of Town of Windsor, on behalf of said Town.

My commission expires: \_\_\_\_\_

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF CONNECTICUT                    )  
  )        ss.:  
COUNTY OF HARTFORD                    )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2019 by \_\_\_\_\_, as the \_\_\_\_\_ of Sardilli Produce and Dairy Co., Inc., a Connecticut corporation.

My commission expires: \_\_\_\_\_

(SEAL)

\_\_\_\_\_  
Notary Public

Exhibit A

Town of Windsor, Connecticut  
Assessment Abatement Annual Report

Company Name: \_\_\_\_\_

Annual Report for \_\_\_\_\_ (year)

Reported By: \_\_\_\_\_  
Name and Title

Date: \_\_\_\_\_

A. Local Employment

Statement from Town's policy: **The applicant shall commit to use its best efforts to make new job opportunities created by the project available to Windsor town residents.**

1. Total number of employees at Windsor facility as of this date \_\_\_\_\_
2. Number of these jobs held by residents of 06095 zip code area \_\_\_\_\_
3. Number of job openings filled at Windsor facility during year \_\_\_\_\_
4. Number of these jobs taken by residents of 06095 zip code area \_\_\_\_\_
5. Describe your company's process to make job opportunities available to Windsor residents.

B. Wages

Statement from Town's policy: **The Town expects projects that pay above the median wage for similar positions in Hartford County.**

Certification: I certify that the wages paid by \_\_\_\_\_ (Company Name) at this location are at or above the median wage for similar positions in the Hartford Labor Market Area shown on the attached CT Department of Labor Occupational Employment and Wages Report (— Quarter 20\_\_).

\_\_\_\_\_  
Name and Title

# Fixed Assessment Property Tax Projections

## Sardilli Project

### Fixed Assessment Property Tax Projection

Projected cost of construction for additions and renovation	\$13,250,000
Type of Business	New Business
Maximum % abated (averaged over term)	40 percent
Maximum Term	4 years

Market Value of Existing Building plus Additions and Renovations	\$15,180,100
Market Value of Existing Building	\$5,736,900
Increased Real Property Market Value	<u>\$9,443,200</u>

Assessed Value of Additions and Renovations (70% of increased market value)	\$6,610,240
Real Property Tax Increase for Addition (\$32.38 mill rate)	\$214,040

Assessed Value of Addition with 40% abated	\$3,966,144
Real Property Tax increase for Addition w/abatement	\$128,424

### Company Tax Savings with 40% abatement on Addition averaged over term

Year 1	80% abated	\$171,232
Year 2	50% abated	\$107,020
Year 3	20% abated	\$42,808
Year 4	10% abated	\$21,404

**Total Company Savings** \$342,463

### Town Increased Revenue over four years

Year 1	80 % abated	\$42,808
Year 2	50% abated	\$107,020
Year 3	20% abated	\$171,232
Year 4	10% abated	\$192,636

**Total Town Increased Revenue** \$513,695

Note: Town will also realize increased personal property and vehicle tax



Town of Windsor  
Fixed Assessment  
Abatement  
Policy

## **Town of Windsor, Connecticut Assessment Abatement Policy**

### **I. Objectives**

1. Fiscal impact – to increase the non-residential tax base to preserve and enhance the town’s capacity to provide necessary infrastructure and services and to maintain the commercial and industrial development at not less than 30% of the town’s grand list.
2. Quality employment opportunities – to provide employment opportunities with good wages and benefits for town residents.
3. Stable and growing economy – to support existing business retention and expansion and attraction of new businesses in particular from targeted business clusters so as to strengthen the local economy.
4. Sustainable and quality development – to encourage the use of quality materials and design and incorporation of green technology.

To achieve these objectives, the Town may provide a temporary abatement of increased assessed value for the real property portion of a project if the project meets the criteria listed below. Economic development projects shall not have a negative financial impact on the Town at the conclusion of the abatement term. The Town reserves the right to approve the cost-benefit analysis model used to determine the financial impact.

Any and all decisions to grant and to establish terms of an incentive pursuant to this policy shall be within the sole and absolute discretion of the Windsor Town Council.

### **II. Precedents to Granting Incentive**

The Town Council shall consider the following conditions as precedents to granting property tax incentives:

A. Existence of economic benefit. The project must add to the Windsor economy. Evaluation criteria to be used in determining benefit to the community shall include but not be limited to: the amount of capital investment, whether the project produces value-added products and services, and whether the project provides a positive fiscal impact and economic impact.

B. Types of business. The project shall be of a nature that has been identified by the Town Council as desirable to stimulate the local economy and improve the quality of life for its citizens. To meet this objective, the project must involve one of the following:

1. Manufacturing firms, as per the Manufacturing Assistance Act,
2. Class “A” office space,
3. Offices for advanced medical procedures,

4. Significant Fiscal Impact Project. A Significant Fiscal Impact Project shall mean any eligible use, as per Connecticut General Statutes Section 12-65b (b), which makes a capital investment in taxable personal property and improvements to real property equal to or greater than \$60 million dollars, and

5. Permanent multi-family residential projects located in Windsor Center Design Development Area (section II B 5 sunsets January 31, 2017, therefore applications for this eligible use must be approved prior to said sunset date).

C. Maintain existing tax base. Assistance will be given to businesses that invest in new buildings or building expansions. Property taxes on the existing land and facilities shall not be reduced for new development projects.

D. Definition of businesses. The following definitions will be used in determining the term of abatement and the level of capital investment required.

1. Existing business is a business that shall have had facilities and operations in the Town for a period of not less than one year.

2. New business is a business that is new to Town or has not had facilities and operations in Town for a period of at least one year.

E. General requirements. Applications for assessment abatement must conform to the following requirements:

1. Applicant must not be delinquent in any taxes or charges due to the Town of Windsor.
2. If the end user of the proposed facility is a lessee, then the tax benefits created by this abatement must be clearly reflected in the lease as accruing to the Applicant Company and the lease must be at least for the term of the abatement period.
3. An agreement entered into pursuant to this policy shall not be subject to assignment, transfer, or sale without the written consent of the Windsor Town Council.
4. After approval of an application by the Town Council and approval of a site plan by the Town Planning and Zoning Commission, construction shall commence within six months and shall be completed within twenty-four months. The Town Council must approve any extension of these deadlines.
5. In the event that the applicant, during the period of its participation in this program:
  - a. relocates its business from Windsor,
  - b. becomes delinquent in taxes or fees,
  - c. closes its operation, or
  - d. declares bankruptcy, then any tax incentive benefit enjoyed by the applicant under this program shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for three years beyond the term of the abatement.

### **III. Abatement Criteria and Adjustments**

All projects receiving an abatement shall meet the criteria detailed below.

A. Local Employment. The applicant shall commit to use its best efforts to make new job opportunities created by the project available to Windsor town residents.

B. Wages. The Town expects projects that pay at or above the median wage for similar positions in Hartford County.

C. Building Design. Projects must be in compliance with the Town of Windsor Plan of Conservation and Development and must utilize construction materials that meet or exceed the town's requirements.

#### IV. Abatement Schedule

A. For New Business, in setting an abatement schedule as part of a Fixed Assessment Agreement, the Town Council will use the following table as a guide. The minimum required investment shall be based upon the actual capital investment in taxable real property improvements, excluding land cost and personal property. The percentage abatement may vary from year to year provided that the average percentage abatement shall not exceed the maximum average percentage over the entire term.

<u>Minimum Taxable Real Property Improvement (Market Value)</u>	<u>Maximum Average % Abated Over Term</u>	<u>Maximum Term</u>
<u>\$500 K -10M</u>	<u>30%</u>	<u>3 years</u>
<u>\$11-20M</u>	<u>40%</u>	<u>4 years</u>
<u>\$21-30M</u>	<u>50%</u>	<u>5 years</u>
<u>\$31-50M</u>	<u>60%</u>	<u>5 years</u>
<u>\$51-80M</u>	<u>70%</u>	<u>5 years</u>
<u>Over \$80M</u>	<u>100%</u>	<u>7 years</u>

B. For Existing Business, in setting an abatement schedule as part of a Fixed Assessment Agreement, the Town Council will use the following table as a guide. The minimum required investment shall be based upon the actual capital investment in taxable real property improvements, excluding land cost and personal property. The percentage abatement may vary from year to year provided that the average percentage abatement shall not exceed the maximum average percentage over the entire term.

<u>Minimum Taxable Real Property Improvement (Market Value)</u>	<u>Maximum Average % Abated Over Term</u>	<u>Maximum Term</u>
<u>\$350 K -3M</u>	<u>40%</u>	<u>3 years</u>
<u>\$4M- 10M</u>	<u>40%</u>	<u>4 years</u>
<u>\$11-20M</u>	<u>40%</u>	<u>4 years</u>
<u>\$21-30M</u>	<u>50%</u>	<u>5 years</u>
<u>\$31-50M</u>	<u>60%</u>	<u>5 years</u>
<u>\$51-80M</u>	<u>70%</u>	<u>5 years</u>
<u>Over \$80M</u>	<u>100%</u>	<u>7 years</u>

C. Adjustment to Abatement Schedule. The Town Council may adjust the abatement schedule as set forth in Section IV, A. by increasing the average percentage abatement by not more than 10% based on the following criteria:

1. Wages. An increase in the average percentage abatement of up to 5 % may be considered when the project includes wages that exceed the median wages for similar positions in Hartford County.
2. Targeted Industries. An increase in the average percentage abatement of up to 5% may be considered for projects that are targeted industries per the town's target industry list.
3. Building Design. An increase in the average percentage abatement of up to 5% may be considered for use of high quality materials on the building exterior and/or the use of sustainable technologies including photovoltaic power sources.

## V. Application Procedure

- A. Any eligible owner and/or lessee may apply under this Policy to the Town of Windsor on application forms provided by the Economic Development Director. The applicant shall provide all required information in sufficient detail to allow the Town to determine costs and benefits associated with the implementation of a requested tax incentive. This information should include when appropriate the following:
  1. Description of the project including an estimate of the number of jobs to be created and their wages.
  2. Description of the applicant and its products or services and including a listing of its officers.
  3. An estimate of the costs of the proposed improvements.
  4. A construction schedule.
  5. Identification of the assessment abatement schedule requested and specific justification for any adjustments per Section IV, C.
  6. Identification of any other public incentives, financial or otherwise which are included in the project financing.
  7. A calculation of the taxes foregone.
  8. A statement of the benefits to the Town for granting a tax assessment abatement including an estimate of local taxes to be paid and purchases from local vendors and a description of planned corporate community involvement.
  9. Other information as requested by the Town.
- B. Each application shall be accompanied by a filing fee of five hundred (\$500.00) dollars.
- C. Upon receipt of the completed application and fee, the Economic Development Director shall refer the application to the Town Manager and Economic Development Commission for review and recommendation. Each application shall be reviewed on a case-by-case basis. The Town Manager and Economic Development Commission shall each forward recommendations in writing to the Town Council.

- D. The Town Council, in its sole discretion, shall approve, approve with modifications and conditions or deny the application.

## **VI. Agreement**

- A. Pursuant to the Town Council decision, the applicant shall enter into a written agreement with the Town fixing the assessment of the real property in accordance with the assessment abatement schedule that was approved.
- B. Said agreement shall incorporate appropriate provisions of the Policy, in particular, the following:
1. Applicant must not be delinquent in any taxes or charges due to the Town.
  2. If the end user of the proposed facility is a lessee, then the tax benefits created by this abatement must be clearly reflected in the lease as accruing to the Applicant Company and the lease must be at least for the term of the abatement period.
  3. An agreement entered into pursuant to this policy shall not be subject to assignment, transfer, or sale without the written consent of the Windsor Town Council.
  4. After approval of an application by the Town Council and approval of a site plan by the Town Planning and Zoning Commission, construction shall commence within six months and shall be completed within twenty-four months. The Town Council must approve any extension of these deadlines.
  5. In the event that the applicant during the period of its participation in this program:
    - a. Relocates its business from Windsor,
    - b. Becomes delinquent in any taxes or fees,
    - c. Closes its operation in Windsor, or
    - d. Declares bankruptcy,then any tax incentive benefit enjoyed by the applicant under this program shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for three years beyond the term of the abatement.
  6. Applicant shall provide a report annually regarding its compliance with the employment and wage provisions of this Policy. Said report shall be in writing upon such forms as are provided for this purpose by the Town.
  7. Failure to comply with any of the conditions associated with a fixed assessment project including but not limited to provisions of the fixed assessment agreement and any requirements specified by any of Windsor's land use commissions may result in the Town Council's review of, and possible modification to, said fixed assessment agreement.

**Town of Windsor, Connecticut  
Assessment Abatement Policy**

**Targeted Business List  
February, 2004**

The following businesses qualify as a targeted business under the Town of Windsor Assessment Abatement Policy. The ultimate determination as to whether a specific applicant is a targeted business shall be with the Town Council.

1. Class A office space - Class "A" office space must include the following features:
  - a. Two or more stories
  - b. Minimum of 50,000 SF of floor area
  - c. Incorporates broadband communications technology throughout
  - d. High-speed elevators
  - e. Life-safety and security programs
  - f. On-site management
  - g. Energy management system
  
2. Biotechnology firms – these include bioscience, biotechnology and bio-medical research companies as defined by the Connecticut Bioscience Cluster and including companies that manufacture related scientific and laboratory equipment or products.



**TOWN OF WINDSOR  
FINANCE COMMITTEE  
June 10, 2019  
TOWN HALL – ROGER LUDLOW ROOM**

**UNAPPROVED MINUTES**

**1. CALL TO ORDER**

Deputy Mayor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:00 p.m. with Councilor Joseph McAuliffe and Councilor Donald Jepsen present.

Staff Present: Town Manager, Peter Souza; Finance Director, Jim Bourke; Assistant Finance Director, Linda Collins; Management Analyst, Kelly Barrett

**2. PUBLIC COMMENT**

None.

**3. REVIEW OF YEAR END PURCHASE ORDERS**

Town Manager Souza distributed an updated list of year-end encumbrances. Mr. Bourke, Finance Director, explained that when goods and services are received and paid for in the next fiscal year, a purchase order must be opened to encumber the funds. By encumbering the funds, the Town Council is formally extending budgetary authority into the next fiscal year for that line item.

There are five FY 19 General Fund open purchase orders as of June 10, 2019 totaling \$117,775 that are expected to be encumbered. There was a last-minute one added for the purchase of a firearms training simulator for the Police department. Town Manager Souza explained that the simulator is a software system with a variety of video trainings that are very life-like.

Councilor Jepsen asked how real the experience is and if virtual reality goggles are used? Town Manager Souza said that this particular version does not have goggles. He also added that the Chief recommended purchasing the training simulator in part due to the fair number of newer officers that don't have as much on the job experience.

Councilor Jepsen asked if there are annual cost associated with the software. Town Manager Souza responded that there are none that he knows of currently, but an annual maintenance fee could be built into the initial cost.

Town Manager Souza said that the Fire Department has carry forward encumbrances. This due to the Fire Chief wanting to see where things would come out at year-end as far as their budget, knowing that the MDC billing and a rescue truck repair were the cause of those lines going over budget. Since the Police Department came in under budget due to vacancies, there is room to purchase these two items for the Fire Department.



Councilor Jepsen asked if all of these encumbrances get booked against FY 19 or FY 20. Mr. Bourke said that they will be charged to the FY 19 budget based on Council authority and this is in compliance with audit rules.

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen that the Finance committee recommend that the FY 19 General Fund open purchase orders as of June 10, 2019 be submitted and approved by the Town Council until October 21, 2019.

Motion Passed 3-0-0

#### **4. REVIEW OF YEAR END TRANSFERS**

Town Manager Souza explained that there is one service unit that is projected to go over budget by an amount greater than \$5,000 for FY 19. General Services is projected to be over budget by \$53,500, bringing the total FY 19 General Fund funding to \$14,548,470 versus the adopted budget amount of \$14,494,970. This is mainly due to two reasons. One is for a transfer of \$37,000 due primarily to prior year tax refunds as stipulated by the State of Connecticut Superior Court for two assessment appeals. The other is for a transfer of \$16,500 to the Caring Connection line to provide funding necessary to cover the additional operating loss in FY 19. During FY 20 budget deliberations, the Town Council reduced the transfer to the Caring Connection from the General Fund knowing that an appropriation would be requested during year-end transfers to cover the additional FY 19 projected operating loss.

It is recommended that a transfer of \$53,500 be made from the FY 19 Safety Services budget to General Services for these two items as the Safety Services budget is projected to have a \$153,000 year-end balance.

Deputy Mayor Terranova asked why Safety Services had a savings this year. Town Manager Souza explained that it was a result of vacancies, workers comp claims and new hires starting at a lesser pay than the officers leaving.

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen, that the Finance Committee recommend to the Town Council that the Director of Finance be granted authority to make year-end transfers in the General Fund of not more than \$5,000 per Service Unit.

Motion Passed 3-0-0

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen that the Finance Committee recommend to the Town Council approval of a transfer of \$53,500 from Safety Services to General Services to fund the projected year end deficit in the tax refund category and the FY 19 Caring Connection operating loss; and that \$16,500 be transferred from General Services to the Caring Connection Adult Day Care Enterprise fund to cover the anticipated FY 19 operating loss.

Motion Passed 3-0-0

## **5. REVIEW OF FY 19 GENERAL FUND YEAR END FINANCIALS**

Mr. Bourke explained that revenues are projected to come in with a favorable variance of approximately \$3.5 million. Revenue categories that show the most significant positive year-end variances as compared to budget consist of property taxes (including amounts received from the delinquent property tax sale) as well as building permits, interest income, and conveyance fees.

Expenditures, including the Board of Education, are estimated to be approximately \$365,000 or less than one percent (0.5%) of the budget. The savings are primarily due to vacant positions and savings in the storm control budget.

Councilor Jepsen asked what makes up the Charges for Services coming in over budget. Mr. Bourke stated that it was mostly due to Conveyance Fees and Special Education Tuition from Other Towns.

Councilor Jepsen asked if the \$3.5 million in additional revenues is abnormally high. Town Manager Souza stated that it is a bit higher than normal and is due to items such as the tax sale which is not budgeted for and generally only occurs every other year.

## **6. STAFF REPORTS**

Town Manager Souza reviewed and highlighted what was published in the most recent version of Council Communications concerning the conference call with Standard & Poor's and the recent bond and note sale. The Town's AAA bond rating was reaffirmed, and the results of the bond sale were generally positive. The Town sold \$10,000,000 in general obligation bonds and a one-year bond anticipation note in the amount of \$11,970,000. The annualized interest rate that was used in the multi-year debt service forecast was over 3.5%, and the actual equivalent interest rate after the bond sale is 3.2%. So, as a result of that, we anticipate having interest savings of \$28,000 from the General Obligation issue in the first year. For the one year note, the interest rate that was used in the budget was 2%, but the actual interest rate from the note sale was 3%, so we expect to have higher interest costs for the note.

Town Manager Souza explained that both issues came with premiums, which together total approximately \$450,000. The premiums to the Town offset the higher coupon rates we are required to pay in the early years of the term, with the trade-off being the higher coupon rates serve to make the issue more attractive to investors. For the note, the effective rate is approximately 1.5% when the 3% coupon rate and premium are taken into consideration together.

Councilor Jepsen asked about the impact to future years and if interest costs are higher than what was expected in the early years. Town Manager Souza stated that the actual results were consistent to how we modeled it, where we were using 5% coupons in the first 5 years.

**7. APPROVAL OF MINUTES**

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen to approve the unapproved minutes of February 28, 2019 as presented.

Motion Passed 3-0-0

**8. ADJOURNMENT**

MOVED by Councilor Jepsen, seconded by Councilor McAuliffe to adjourn the meeting at 7:25 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins  
Assistant Finance Director