

Wallingford Town Council
Robert Early Auditorium, Town Hall
45 South Main Street, Wallingford, CT

Special Meeting

August 31, 2009

The following minutes are a record of the Special Meeting of the Wallingford Town Council held in the Robert Early Auditorium of the Wallingford Town Hall on Monday, August 31, 2009. The Meeting was Called to Order at 6:32 P.M. Responding present to the Roll Call given by Town Council Secretary Sandra Weekes were Councilors Mike Brodinsky, Vincenzo M. DiNatale, Nick Economopoulos, Jerry Farrell, Jr., John LeTourneau, Robert F. Parisi, Rosemary Rascati, Michael Spiteri and Vincent F. Testa, Jr. Also present were Mayor William W. Dickinson, Jr., Town Attorney Janis Small and Comptroller James Bowes.

The meeting began with a Moment of Silence, the Pledge of Allegiance and the Roll Call.

3. Public Hearing followed by possible action on:

An Ordinance Appropriating \$350,000 To Purchase Approximately 8.43 Acres Of Real Property On Dibble Edge Road And Authorizing the Issue of \$350,000 Bonds of the Town To Meet Said Appropriation And Pending The Issuance Thereof The Making of Temporary Borrowings for Such Purpose - Law Department

In attendance:

Attorney Joseph Fasi, Bonding Attorney

Chairman Brodinsky said that because all three items are interrelated issues that he would begin by convening the Public Hearing. The Public Hearing began at 6:35 P.M. for the \$350,000 appropriation and bond authorization for the DIBBLE EDGE ROAD LAND PURCHASE.

MOTION

Mr. Testa made a motion to read the title and section one of the proposed ordinance and to waive the reading of the remainder of the ordinance, incorporating its full text into the minutes of the meeting. Mr. Parisi seconded. All Councilors voted as follows:

ROLL CALL VOTE:

Brodinsky -yes, DiNatale -yes, Economopoulos – yes; Farrell -yes, LeTourneau -yes, Parisi -yes, Rascati -yes, Spiteri -yes, Testa -yes
(9) Aye; (0) Nay

The motion passed.

Mr. Testa read the title and section one:

AN ORDINANCE APPROPRIATING \$350,000 TO PURCHASE APPROXIMATELY 8.43 ACRES OF REAL PROPERTY ON DIBBLE EDGE ROAD AND AUTHORIZING THE ISSUE OF \$350,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

Section 1. The sum of \$350,000 is appropriated for the purchase of approximately 8.43 acres of land on Dibble Edge Road described as lots 112, 114 and 118, and improvements thereon a map entitled "Limited Property/Boundary Survey Subdivision Plan, Land of Christyna B. Sheldon #100 Dibble Edge Road, Wallingford, CT" dated August 25, 2003 (the "Property"). Said appropriation may include expenses for appraisal, testing, environmental remediation, surveying, title insurance and such other expenses necessary or appropriate for such acquisition and the closing costs associated therewith, and including administrative, printing, legal and financing costs related thereto. The Town may enter into a land exchange with abutting owners for a portion of the Property to provide or improve access.

Mayor Dickinson said pointed out the various properties and explained the area of acquisition and the properties being swapped from the map on display.

Town Attorney Janis Small said that the agreement with the developer is for the sale of the three lots to the town. She said that it also includes deeding the land that would have been deeded to the town for roadway purposes as part of that subdivision. It is on the map. She continued saying that the land that was to be an improved road will also be deeded to the town as part of this transaction. She said that there are the usual contingencies, the approval of the bond ordinance, the environmental testing, which, if this is approved, will go forward as soon as possible. She said that because there is an existing subdivision that was not completed, we are going to seek approval from Planning and Zoning under 8-24 release of the roadwork bond in favor of the developer. She said up to the portion that the town owns, the roadway has been improved by Public Works up to the Christoni property, which is the property with the house on it. Mr. Christoni is satisfied with the road improvements that reach that far and has no desire to see the subdivision road improvements made. She said as far as the Christoni agreement, he will waive any right to insist that those road improvements be made. She said that covers the Shweky part of it. It is Class 2 land, which was confirmed by Vinnie Mascia.

With respect to the Christoni agreement, Attorney Small said they had discussed the possibility of getting an easement so that the town could reach the other two lots. She said earlier they were going to discuss an easement with him. She said that she and the Mayor went out there but on reflection, it was suggested that we could do a land swap, which would be preferable, so that we would own the strip from 118 to 112. She said that Mr. Christoni is agreeable to that, and Engineering created the initial drawing showing the swap of land that they thought would work and this was followed up by Juliano Associates. He will waive any rights that road improvements be done, and he is very satisfied with the status of the area at this time.

She said that the price is \$324,000, which was a firm price by the developer. She said that the town had the property appraised at \$340,000.

Chairman Brodinsky asked for comments from the public.

Robert Gross, 114 Long Hill Road, asked if the town will use the bonding or pay for it. He asked the cost of the bonding, why is Murtha Cullina in attendance and what the cost is to have Attorney Fasi here.

Mr. Bowes said with an item this small, the town will probably not bond. He said that we need the bond authorization from the Council to capture this in the capital projects fund, rather than in the general fund for funding purposes, and fund it over the next two or three years out of our debt service where we pay cash for smaller items such as this. Mr. Bowes said Attorney Fasi of Murtha Cullina, has been the town's bond attorney for many years, and is present in case of any

type of legal question comes up. Mr. Bowes said that he is comfortable with Mr. Fasi's attendance, and it is practical to have him here.

Mayor Dickinson said that he does not know the cost but part of the importance of the bonding is that it gives latitude, and to have the option of bonding, should we have a need for the cash. We would have to exercise that option, which could be exercised at some point in the future. It's not that we are forestalled from bonding because we don't do it immediately. It is part of financial planning, so it keeps our ability to use cash and plan for the town in a reasonable way.

Mr. Gross asked if three months from now you need \$300,000, you could go back and bond this piece of land. Mr. Bowes said it wouldn't be a question of needing \$300,000 that you would be needing a lot more in cash, and this would be one area where we could go, if we sold bonds for all projects that had been authorized for bonding. This is one way to replenish our cash.

Geno Zandri, 9 Balsam Ridge circle, said that he noticed that our purchase is land owned by Mr. Christoni and that there was negotiation with him in order to do the swap. He asked if anyone has thought of asking for the right of first refusal on his parcel so that would finish the entire parcel.

Chairman Brodinsky said that all options crossed all of our minds at some point during discussions whether in Executive Sessions or otherwise, and he said that he did not want to get too specific.

Jeffrey Borne, Chairman, Conservation Commission, 20 Sylvan Avenue, said that about 9 years ago when the Ferguson property first became available to the town, the Conservation Commission walked it, and they were thrilled with the property but that as they walked it, it was pointed out that there was this piece over here that was committed and was not going to be part of what was offered to the town. He said who would have thought that the town would have another chance at that land. The Conservation Commission would all be in favor today because they have seen it in the past. He said the town is doing the right thing and that this purchase will relieve some of the management problems of the parcel because it blocks it in.

Chairman Brodinsky asked about the waiver of road improvements from Mr. Christoni. Attorney Small said she would draft a release and that would be accomplished by the closing. She talked about Class 2 land, saying that Class 1 can never be touched, *ever*, and Class 2 is watershed land. In order to transfer or build upon or do anything on Class 2 land, it needs approval from the State of Connecticut Department of Health and that you are not likely to get permission. It is supposed to remain in pristine condition as passive, open space land. Chairman Brodinsky asked if the swap piece of land will be flagged. Attorney Small said that Mr. Christoni asked if markers could be put on his property and that will be done. She added that in terms of finding a passageway, it will be up to the town to decide on the manner to define it.

Chairman Brodinsky asked about Item 12 of the contract about the bond that Mr. Shewky posted with Planning and Zoning to complete the road. Attorney Small said that it will be on the agenda for September 14th, and we will know before the anticipated closing and it will be all set. She said that there is a memo that went to Planning and Zoning with a copy to the Council to ask them to put this on the agenda and to make it contingent upon the closing taking place. She said that she does not expect any issue and that Planning and Zoning is happy that the town is buying this land.

Chairman Brodinsky pointed to the last sentence of Item 12 and said that it talks about the seller having no obligation to close unless the Town of Wallingford arranges for the return of the bond.

He asked would that condition be satisfied by an order on the 14th of the Planning and Zoning Commission to release the bond. Attorney Small said that it should be resolved by then. She also said that the closing date is to run the thirty days from the publishing of the ordinance. Chairman Brodinsky asked if the order of the Planning and Zoning Commission would suffice or do we have to wait. Attorney Small said that she does not think there will be a problem.

To Mr. Bowes, Chairman Brodinsky asked the source of the cash, from what account.

Mr. Bowes said that once the Council gives authorization to purchase, they establish a capital projects fund and call it something like –Dibble Edge Road Purchase. He said that upon closing they will charge that bookkeeping fund for the cost of \$300,000. He said that will then show a fund deficit of the \$300,000, or the total cost. He said that over the next two or three years that he will fund that out of the town's General Fund because ultimately that does get charged. Out of the line item that the town has used for twenty years, the New Debt Financing item, he said that it is in the debt retirements budget, or the debt service budget. He said that you will see the principal and the interest payments, which are for bonds already in play that we have already sold, and we are paying back. He said that the third line item are for bonds that we may be selling that year and to cash pay for some of the smaller items.

Chairman Brodinsky said that when this budget year is over and the reports are done that if we ask where did the \$300,000, or whatever the costs were, come from that you would say that it came from the New Debt Financing line. Mr. Bowes said that you would see in their audited financial statements for the fiscal year ending 6/30/2010, a Capital Projects Fund with a negative balance of \$300,000, or whatever the cost is for the project. He continued saying that in working on the budget next spring, there will be an amount, or he will have included in that New Debt Financing line item, an amount to retire some of this debt. He said that he does not think that it's proper to try to retire it all in that fund but perhaps over a two year period.

Chairman Brodinsky said that some of that would come from new debt financing this year. Mr. Bowes said not and that he has nothing in the FY 2009-10 budget for it. He said that it would be 2011 and 2012.

Chairman Brodinsky, referring to a budget time discussion about the amount of cash we have in all sources – special accounts, PUC, etc. - that is earmarked for various purposes, asked if this was in the \$30 to \$40 million range. Mr. Bowes said that the highest would be \$40 to \$50 million, and the low would be \$5 to \$10 million. He reminded the Council of large, ongoing projects that are using cash, for instance, the Vo-Ag School where we are spending \$1 to \$1.5 million cash per month on that project. He said that the regular reimbursement from the state has stopped because of the state budget fiasco.

Referring to page 3 of the contract, Chairman Brodinsky said that the approval of the bond ordinance is a condition of sale and that is what is holding this up for 30 days. He said that we could close sooner if paragraph B was not in the contract and that we could appropriate the money. Attorney Small said as soon as you get the bond release, and she said that she will not order the environmental until the Council approves the contract, which will take about two weeks. Chairman Brodinsky said that his observation is that when we have the cash that we do, as high as \$40 million, that he has the same question that he has during the budget hearings, which is unless we have a need to borrow, when we have the cash on hand, why do we borrow at 3% when the return is only 1%. Mr. Bowes said that is precisely why we won't be bonding such a small amount, and we would be doing self-funding where you are utilizing cash, and the other piece to this is the authorization piece, which allows him to utilize the next two fiscal years or so to fund that \$300,000 project. He said that we are using cash and that it is just a matter of when are we

charging the General Fund. Chairman Brodinsky said that understands the reasons for bonding but that he also sees good reasons to not approve a bond authorization at this time. He said that the Council could pass a bond ordinance at a time of real need but he isn't sure that it is wise to do this now. He referred to Paragraph B on page 5 again, saying that it makes the bond ordinance a condition of the contract, and if we took that out of the contract, the seller wouldn't have any problem with that at all because it speeds up the closing. He said that to bond now is not good public policy.

Mayor Dickinson said administratively, this is a process that has been used all during the time that he has been mayor. He said he would have hesitations about appropriating sums out of our Reserves, which we would have to do in order to finance this without the ordinance. We would have to find \$350,000 that could be appropriated immediately, and this means that that money is not available for anything else. He said at this point we have money from CRRA; however, he does not recommend using that money because there is no indication at this point of the costs of the fire improvements and equipment that have been indicated would be necessary. He thinks that it is the best course to allow the flexibility. He said that there some unknowns in costs, and, as Mr. Bowes indicated, without state reimbursements, we are dealing with floating much more money with regard to the Vo-Ag. He said it is very appropriate that we allow that flexibility as the town has over the past twenty years, and even before, that it was the policy by the Comptrollers prior to Mr. Bowes. He urged the Council to approve to ordinance to allow for the continuance for the process of planning the financing in the way that has been very successful.

Mr. Testa, referred to paragraph B, regarding approval of the bonding ordinance, a condition of the sale, and said that part of this condition seems to be allowing for the expiration of the time limit, in case there is a referendum by the community to overturn our decision. He asked if that was correct. Attorney Small said that it is standard language that she uses. Mr. Testa said that potentially, there could be a referendum petition against the decision, even if there wasn't a bond ordinance, and asked if this is correct. He said that it is almost that a paragraph like this would have to be in there because, technically, even if we said that we would write a check tomorrow, we would have to wait 30 days because the public could petition us to not do it, like they did with Wooding. Chairman Brodinsky thinks the petition would be against the bond ordinance. Mr. Testa repeated that even without a bond ordinance, technically, there could be a petition against our decision anyway. Chairman Brodinsky said he thinks that is probably right.

To Mr. Bowes, Mr. Testa asked if the town were to use cash, would the bookkeeping be done over a several year period. Mr. Bowes said that the town's plan right now is to use cash. Mr. Testa asked if the expenditure would be allocated over two to three years, which in effect is that we are financing ourselves. Mr. Bowes concurred and said that if the Council were to appropriate two line items tonight, revenue and expenditure, with the expenditure designated to buy the property. He said that the reverse side of the coin is the revenue and where will the revenue come from. He said that over time the bond ordinance allows the town to take other sources of revenue such as general fund transfers. He said that without the bond ordinance, he would have to take this from the contingency account for which only \$350,000 to \$400,000 is budgeted for the entire year. He said that he needs a direct revenue entry to offset that in the general fund or upon expiration of any petition efforts. He said that it is a bookkeeping matter – a blend of three different matters, cash outflow, an authorization and the bookkeeping. There is only one revenue source that he could really appropriate to, and he would probably have to take it out of General Fund-Fund Balance. Mr. Testa asked if cash is going to be used, Mr. Shweky can't be paid in installments, so where is this cash coming from. Mr. Bowes said for cash purposes, with the exception of our utilities, it is basically pooled into one or two large operating cash accounts, and the bookkeeping accounts are separate. He said that at the end of each month they are reconciled. It will be coming out of our town's pooled cash accounts. Mr. Testa said if

we were to have to allocate it immediately, that you would have to take it from the Contingency Fund, which doesn't have that much in it, so where will it come from and why could you not do that right now.

Mr. Bowes said that it is the difference between the cash outflow and the revenue inflow, and asked where is the revenue going to come from. He said that we are going to drain our Contingency account, which is in the General Fund, today for a property purchase very early in this fiscal year. The only other alternative is to appropriate it from Fund Balance, which means that we have used another \$350,000 out of our General Fund-Fund Balance. He said that he does not recommend that the Council do this. It's the difference between the cash going out the door and the bookkeeping aspects of it. Mr. Testa asked Mr. Bowes where he was going to get the money. Mr. Bowes said that it comes out of our pool of money from a cash perspective. When the Council authorizes this, we establish a bookkeeping fund, and we charge that bookkeeping fund. He said that bookkeeping fund is going to have a \$300,000 deficit that we then have to fund. He said the ordinance allows them to do that over time. He said that they will budget funds in the General Fund and transfer them to the Capital Projects Fund to eliminate that deficit and bring that account to zero.

Mr. Testa asked why not take the money from the General Fund at one time. Mr. Bowes explained that it can't be done this fiscal year because they would need to be an appropriation to the General Fund of about \$300,00 to do it. There is no legal authorization to do so in the general fund this fiscal year. He said that we could do it next year. Mr. Testa said that this is one of the reasons that they scratch their heads at budget time in trying to understand the government accounting required.

Mr. Testa asked if they would lose the flexibility to do the magic without the bond ordinance. Mr. Bowes said that they would. Mr. Testa clarified that the bond ordinance not only allows us to borrow the money, if we decide it's necessary, but it also allows us to manage the bookkeeping of it in a way that works more easily. Mr. Bowes said that it allows for a more predictable and steady repayment of smaller items like this one. Mr. Bowes said that one bookkeeping fund is sending the money to the owners of the property but that money is owed back from somewhere. He said if we sell bonds that would be the revenue but we would have to pay the bonds back over their life from the General Fund with an interest rate that is higher than we can earn.

To the Town Attorney, Mr. Testa asked for clarification about the Ferguson property on the map in relation to the boundary lines and what the town owns.

Mr. DiNatale said that it sounds like the suggestion is let's not do the ordinance for the bonding to save some money and asked that if the Council approves the proposal tonight for a cash purchase and considers the ordinance for bonding at a later time, if needed, how would that be problematic. Mr. Bowes said that it is more of a Fund Balance question rather than a cash question. He said that if we were to take about \$300,000 from another source, we would have to have another source of revenue to offset the \$300,000. Mr. DiNatale asked if, in considering the amount that we are dealing with, about \$300,000, it would it be OK to pass on the ordinance for bonding in case we have another source of income in the next six months.

Chairman Brodinsky summed up Mr. Bowes' solution that if the bond ordinance wasn't in place, and we find the cash in the pool of money that becomes a revenue source, and we have an IOU back to our own fund rather than to bond holders. Mr. Bowes said that is correct but the bond ordinance adds protection if we need to go to the market. Chairman Brodinsky said that here we don't need a bond; we just want a bond that we don't need to sell bonds. Mr. Bowes added that the bond ordinance allows the town to pay this back over more than one fiscal year to ourselves.

Phil Wright, Sr. 160 Cedar Street, asked about the property features, which are mature woods maintained primarily by the Conservation Commission.

Geno Zandri, 9 Balsam Ridge Circle, said that there still seems to be some confusion on the bonding and whether the Council should authorize the bonding or not. He said that the purpose of the bonding is that it allows the town to balance its books. He said without that, what happens is that you have to draw immediately down on some cash somewhere unless you authorize the bonding. He said that the bonding gives the flexibility to pay the cash when the town has it available.

Chairman Brodinsky said that is not how he interpreted the remarks. He said that we can take cash from another fund and the General Fund then owes that fund money. It's not a matter of the bonding allowing that. Internally, we could take money from another fund and over two years in our subsequent annual budgets, repay that fund. So we could do it with subsequent budgets and take care of the reporting problem. He said it's not a cash problem. We've got loads of cash; it's how to justify it in the reports. He said that every other time that we bought land for cash, we found the money, and he doesn't think that it's because of the bonding ordinance that allowed us to do it; it's because of the budgets that we passed.

Attorney Small said if you don't do the bond, you do have to do an appropriation.

Mr. Zandri said you have to balance the books. Chairman Brodinsky said we will have to appropriate the money and that will happen tonight.

Mr. Gross asked if Mr. Bowes would clarify what Mr. Zandri just said. He asked if you don't put it out for bonding, would it in this year's budget show a deficit and would that be adverse to your books. Mr. Bowes said against that you need a revenue source, and if the revenue source isn't bonds, then it has to be something else. He said that 'something else', without the bond authorization, has to come from somewhere else. He said that is a \$300,000 reduction in our Fund Balance in our General Fund, if it's all at once. Mr. Gross asked about CRRA guidelines.

Mayor Dickinson said that there aren't guidelines. He said that the recommendation with our budget, administratively, was that the money be used for fire department purposes. He said other than those funds, the other funds available would be the Fund Balance, as indicated by Mr. Bowes. He said that the CRRA money is part of the Fund Balance. He said that the use of cash to pay it all now without the bonding ordinance will mean, do we increase our budget by \$350,000, but we are spending \$350,000. He said there is no new revenue source for that money, so we are out the \$350,000. He said we have not used that as an approach in the past, and he does not recommend it. He said in this fiscal climate, we need to be as flexible as possible. He said the approach we have used has been very successful, and we are able to manage what we need. Ideally, we do not have to bond the money but should the occasion arise that it's necessary and be folded into a larger bond issue, we then have the flexibility. He said there is no discount for paying cash.

Mr. Gross said the contract stipulates the CRRA money is to be used for trash or recycling in the vein that the money was collected. He said other towns have community garbage hauling. Mayor Dickinson said that the contract will be at an end, and these monies are distributed as a result of the termination, the ending, of the contract. He said there is no direction or control on how the municipalities, who received the funds, can utilize them. The money is left over after the project has come to an end, and we are getting an early disbursement. The sums that have been received are not needed for the closure of the contract, so there is nothing that restricts the

municipality on what they use those monies for. Mr. Gross argued that he thinks that is not what is in the contract. Mr. Gross asked Mr. Bowes how much money is bonded this year that we are paying back. Mr. Bowes said that we will be paying back this year a little over \$5 million in principle and about \$1.9 million in interest. Mr. Gross then said that his big issue is why Murtha Cullina is here.

Mr. LeTourneau asked where is the \$324,000 coming from. Mr. Bowes said that it is coming from our town's pooled checking account. He said that the question would be - where is it being charged in the town's books. He said this authorization, the bond resolution, is what the town has done for thirty years. It allows the town to establish and charge it to a capital projects fund. He said rather than the General Fund, where we would need a source of funds right then and right there, we would need to appropriate some type of revenue to pay cash out the door, and charge the General Fund for that, so that is what the bond authorization allows the town to do.

Mr. LeTourneau said if we authorize the bond tonight, it's not going to go out and be bonded for the \$324,000. He said that we are going to take the \$324,000 from this pot, and maybe down the road, we replenish through the bond, but maybe not. Mr. Bowes said that this was correct. He asked why can't we do this with an appropriation for \$324,000 and keep the bond separate and off this document. The bond is like a 'just in case' we need it.

Chairman Brodinsky agreed with Mr. Bowes to ask Attorney Joe Fasi, Bonding Attorney, to distinguish between the authorization to charge it to a capital projects fund, as passed by the Council, without a bond ordinance; in other words, we are authorizing it to come from a capital projects fund in the amount of \$350,000, and the difference between that and passing a whole bond ordinance. Mayor Dickinson said that one distinction is that it would require an administrative approval to appropriate from an account.

Attorney Fasi said that it is important to distinguish between an appropriation and payment. He said that there are two ways to make an appropriation. A bond ordinance is an appropriation; it is authority to spend, and it identifies and provides a source of funds, a source of revenue. He said that revenue source is debt, the issuance of debt, so when you adopt a bond ordinance, you are approving an expenditure, and upon adoption of a bond ordinance, you are making available legal funds to pay the expense, funds that are not necessarily in your hands at the moment that you adopt the bond ordinance but funds, which exist in law.

Attorney Fasi said that the second type of an appropriation is an appropriation from immediate cash that would be an appropriation from Fund Balance. You have a fund balance, you have money available, which you can spend because you have the fund balance, a bank account, that is undesignated for any other purpose, so now you are designating it for this particular purpose to buy the land. He said there are two ways, basically, to make the purchase, through the bond ordinance, which is borrowing, and through an appropriation, for example, the general fund. He said this expense is an appropriation for a purpose that has not been planned and is not included in the budget. What the town has done is *not* impacted the budget or the annual budget process, which is set already and has instead over the years to adopt a bond ordinance— he said to remember that he said in the beginning that we have to distinguish between cash flow, available cash, and an appropriation. He said that the bond ordinance through Section 5. authorizes the town to pay the expense from whatever cash is available, and the payment of that expense from that cash is not an appropriation. It is an internal, temporary borrowing. The appropriation is the bond ordinance. It is the authority to issue debt to fund the purchase to the property and that temporary, internal borrowing can proceed or be outstanding for a couple of years. He continued that when the next budget comes, then the town can manage how it appropriates funds to pay down, or retire, this unexpended, unexpected expense. When there is a bond ordinance but

no borrowing issued immediately, the payment comes from cash flow. The use of available funds that are not being used for whatever they have been appropriated for at the moment. In subsequent budget cycles, cash is appropriated through the budget process to retire the expense that the bond is always available to pay.

Mr. Spiteri said that we could have a request for a bond in four months, if we run into problems. The only thing that he sees we are doing here is we are giving the Mayor advance power to do this, and we are removing a check and balance that the Council has. He said that the Mayor has been doing this for years, and it has been allowed. Mr. Spiteri said that he doesn't see this as a deal breaker.

Mr. Fasi called the Council's attention to the tax law, Section 5., in the bond ordinance. He said it's in the bond ordinance for a reason, which is, if a municipality makes an expenditure for a capital purpose and intends in the future to reimburse that expenditure with tax exempt bonds, it must prior to making the expenditure indicate for the adoption, for what is known as an Official Intent Resolution, that it intends in the future to reimburse that expense with tax exempt bonds. He said to the Council, if you intend to proceed with an appropriation, as opposed to a bond authorization, and you want to preserve the right in the future to issue tax exempt bonds, then under the Internal Revenue Code, you must adopt a Resolution of Official Intent that says that that is what you are going to do. He said he didn't mean to get sidetracked but was trying to focus on that the difference between an appropriation and making use of available funds. They are two different things. When you adopt the bond ordinance, this is the appropriation that supports the expenditure of the funds, the legal support for the expenditure of the funds.

Mr. Spiteri said that if we have a budget line item for so much money per year to buy property. We don't do that now. He said now it is an administrative choice. He said that maybe something would force us to start to do that, and we would have more control. The point is that the town is solvent enough to absorb this payment immediately. He said if we do have to go to a bond, the Mayor is perfectly capable of putting that on the agenda, and we can address it at that point. He said he sees no reason to do it ahead of time. It's giving the Mayor leeway that we don't have to do.

Mr. Testa summed up, referring to the tax law that Mr. Fasi spoke about, that it prevents us from passing an ordinance later if we chose, that it prevents us from issuing a tax exempt bond ordinance later if we authorize this via the appropriation process today. Mr. Fasi said, no, that what he was trying to do was to warn you that if the you don't, at the same time, express your official intent that you intend to reimburse this expense that you are appropriating from current funds, and then if you make the expenditure, you then will be prevented from issuing tax exempt debt to reimburse that expense. Mr. Fasi said he is making it narrow and not putting in all of the exceptions. He said that planning expense is an exception. He said that you have 60 days after you pay the expenditure. He said that the point is that yes, you can be prevented, and municipalities have been prevented, from issuing tax exempt debt, when they appropriate from a current revenue source of funds, and do so without adopting an Official Intent Resolution, and then in the future attempt to go back and borrow on a tax exempt basis. Mr. Testa said that is a very important distinction and probably more important than the bookkeeping reason for passing an ordinance. We didn't understand that.

Mr. Bowes said that in his experience he has never had a bond retroactively.

Mr. Gross pointed out that Section 5 isn't something that is new.

For clarification, Mr. Fasi said that issuing bonds in the future to reimburse the expense, you must have the Resolution of Official Intent, and if you don't, if you make the appropriation, you could be prevented from issuing tax exempt debt.

Chairman Brodinsky thinks that is the first time the Council has heard that to his knowledge.

Mr. Testa said that answers the question as to why Mr. Fasi of Murtha Cullina is at the meetings where bonding is being considered.

MOTION

Mr. Testa moved and the motion was seconded by Mrs. Rascati that the ordinance, a copy of which is attached hereto, entitled:

ORDINANCE APPROPRIATING \$350,000 TO PURCHASE APPROXIMATELY 8.43 ACRES REAL PROPERTY ON DIBBLE EDGE ROAD AND AUTHORIZING THE ISSUE OF 0,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE.

be adopted.

Chairman Brodinsky called the Public Hearing to an end at 7:43 P.M.

ROLL CALL VOTE:

Brodinsky -yes, DiNatale -yes, Economopoulos – yes; Farrell -yes, LeTourneau -yes, Parisi -yes, Rascati -yes, Spiteri -no, Testa -yes
(8) Aye; (1) Nay

The motion passed.

Chairman Brodinsky announced that the ordinance was adopted.

1. Discussion and possible action on a proposed contract for the purchase of #112, #114, and #118 Dibble Edge Road - Law Department

MOTION

Mr. Testa made a motion, seconded by Mr. DiNatale, to approve the proposed contract for the purchase of #112, #114, and #118 Dibble Edge Road as requested by the Law Department.

ROLL CALL VOTE:

Brodinsky -yes, DiNatale -yes, Economopoulos – yes; Farrell -yes, LeTourneau -yes, Parisi -yes, Rascati -yes, Spiteri -no, Testa -yes
(8) Aye; (1) Nay

The motion passed.

2. Discussion and possible action on a proposed agreement for an adjustment of the boundary between #116 Dibble Edge Road and #118 Dibble Edge Road
- Law Department

MOTION

Mr. Testa made a motion, seconded by Mr. DiNatale, to approve a proposed agreement for an adjustment of the boundary between #116 Dibble Edge Road and #118 Dibble Edge Road as requested by the Law Department.

ROLL CALL VOTE:

Brodinsky -yes, DiNatale -yes, Economopoulos – yes; Farrell -yes, LeTourneau -yes, Parisi -yes, Rascati -yes, Spiteri -no, Testa -yes
(8) Aye; (1) Nay

The motion passed.

4. Executive Session pursuant to Sec. 1-200(6) (D) of the General Statutes for the purpose of discussing the possible selection and purchase of real estate - Law Department

MOTION

Mr. Testa made a motion to go into Executive Session pursuant to §1-200(6) (D) of the General Statutes for the purpose of discussing the possible selection and purchase of real estate as requested by the Law Department. Mr. Farrell seconded. All Councilors present (9) by voice voted Aye, and the motion passed. The Council entered Executive Session at 7:55 P.M.

MOTION

Mr. Testa made a motion to come out of Executive Session. Mr. Parisi seconded. All Councilors present (9) by voice voted Aye, and the motion passed. The Council exited Executive Session at 8:04 P.M.

EXECUTIVE SESSION ATTENDANCE:

Nine (9) Councilors, Mayor Dickinson and Town Attorney Janis Small.

MOTION

Mr. Parisi made a motion to adjourn from the meeting. Mr. Brodinsky seconded. All Councilors present (9) by voice voted Aye, and the motion passed. The meeting adjourned at 8:05 P.M.

Respectfully submitted,

Sandra R. Weekes
Town Council Secretary

Meeting digitally recorded by Sandra Weekes

Chairman, Mike Brodinsky

Date

Town Clerk, Barbara Kapi

Date

AN ORDINANCE APPROPRIATING \$350,000 TO PURCHASE APPROXIMATELY 8.43 ACRES OF REAL PROPERTY ON DIBBLE EDGE ROAD AND AUTHORIZING THE ISSUE OF \$350,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

Section 1. The sum of \$350,000 is appropriated for the purchase of approximately 8.43 acres of land on Dibble Edge Road described as lots 112, 114 and 118, and improvements thereon a map entitled "Limited Property/Boundary Survey Subdivision Plan, Land of Christyna B. Sheldon #100 Dibble Edge Road, Wallingford, CT" dated August 25, 2003 (the "Property"). Said appropriation may include expenses for appraisal, testing, environmental remediation, surveying, title insurance and such other expenses necessary or appropriate for such acquisition and the closing costs associated therewith, and including administrative, printing, legal and financing costs related thereto. The Town may enter into a land exchange with abutting owners for a portion of the Property to provide or improve access.

Section 2. To meet said appropriation \$350,000 bonds of the Town or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the twentieth year after their date. Said bonds may be issued in one or more series as determined by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, and the amount of bonds of each series to be issued shall be fixed by the Mayor, the Comptroller, and the Town Treasurer, or any two of them. Said bonds shall be issued in the amount necessary to meet the Town's share of the cost of the project determined after considering the estimated amount of the State and Federal grants-in-aid of the project, or the actual amount thereof if this be ascertainable, and the anticipated times of the receipt of the proceeds thereof, provided that the total amount of bonds to be issued shall not be less than an amount which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of said bonds outstanding at the time of the issuance thereof, and to pay for the administrative, printing and legal costs of issuing the bonds. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, or, be combined with other bonds of the Town and such combined issue shall be in the denomination per aggregate maturity of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully registered form, be executed in the name and on behalf of the Town by the manual or facsimile signatures of the Mayor, the Comptroller, and the Town Treasurer, or any two of them, bear the Town seal or a facsimile thereof, be certified by a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, and be approved as to their legality by Murtha Cullina LLP, Attorneys-At-Law, of Hartford. They shall bear such rate or rates of interest as shall be determined by the Mayor, the Comptroller, and the Town Treasurer, or any two of them. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The aggregate principal amount of the bonds to be issued, the annual installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds, shall be determined by the Mayor, the Comptroller, and the Town

Treasurer, or any two of them, in accordance with the General Statutes of the State of Connecticut, as amended.

Section 3. Said bonds shall be sold by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, in a competitive offering or by negotiation, in their discretion. If sold at competitive offering, the bonds shall be sold upon sealed proposals at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds. If the bonds are sold by negotiation, the provisions of the purchase agreement shall be subject to approval of the Town Council.

Section 4. The Mayor, the Comptroller, and the Town Treasurer, or any two of them, are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be executed in the name and on behalf of the Town by the manual or facsimile signatures of the Mayor, the Comptroller, and the Town Treasurer, or any two of them, bear the Town seal or a facsimile thereof, be payable at a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, be approved as to their legality by Murtha Cullina LLP, Attorneys-At-Law, of Hartford, and be certified by a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, pursuant to Section 7-373 of the General Statutes of Connecticut, as amended. They shall be issued with maturity dates which comply with the provisions of the General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of said bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 5. Resolution of Official Intent to Reimburse Expenditures with Borrowings. The Town (the "Issuer") hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and after the date of passage of this ordinance in the maximum amount and for the capital project defined in Section 1 with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued by the Issuer. The Bonds shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Comptroller or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 6. The Mayor, the Comptroller, and the Town Treasurer, or any two of them, are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the "Repositories") and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this ordinance. Any agreements or representations to provide information to Repositories made prior hereto are hereby confirmed, ratified and approved.

Section 7. It is hereby found and determined that it is in public interest to issue all, or a portion of, the Bonds, Notes or other obligations of the Town as qualified private activity bonds, or with interest that is includable in gross income of the holders thereof for purposes of federal income taxation. The Mayor, the Comptroller, and the Town Treasurer, or any two of them, are hereby authorized to issue and utilize without further approval any financing alternative available to municipal governments pursuant to HR1, "Making Supplemental Appropriations for Job Preservation and Creation, Infrastructure Investment, Energy Efficiency and Science, Assistance to the Unemployed, and State and Local Fiscal Stabilization, for the Fiscal Year Ending September 30, 2009, and for other purposes" (the "American Recovery and Reinvestment Act of 2009"), including but not limited to any "tax credit bond," or "Build America Bonds" including Direct Payment and Tax Credit Versions.