

**MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING HELD ON TUESDAY, JANUARY 22, 2013, AT 7:30 P.M. IN COUNCIL CHAMBERS, 84 SOUTH MAIN STREET, CHESHIRE CT 06410.**

Present

Tim Slocum, Chairman; David Schrumm, Vice Chairman; Michael Ecke, Patti Flynn-Harris, Andrew Falvey, Sylvia Nichols, Thomas Ruocco, James Sima, Peter Talbot  
Staff: Town Manager Michael A. Milone; Town Attorney Alfred Smith; James Jaskot, Finance Director, Gina DeFilio, Deputy Finance Director, George Noewatne, Director of Public Works, Mario Panagrosso, Assessor.

Guests: Rebecca Sielman, Milliman Co.; Jayson Brennan and Tom Killelea, CDM Smith.

**1. ROLL CALL**

The clerk called the roll and a quorum was determined to be present.

**2. PLEDGE OF ALLEGIANCE**

The group Pledged Allegiance to the Flag.

**3. GEOGRAPHIC INFORMATION SYSTEM PROJECT STATUS REPORT**

Town Manager Milone informed those present that there was an allocation of \$135,000 in FY 2011 and \$165,000 in FY 2012, for a total of \$330,000 for the GIS System. The Town has a GIS system through the Council of Governments (COG) which is rudimentary, provides general information, and it cannot be customized.

About two years ago the Town hired CDM Smith to put together a system, and the presentation at this meeting will show the benefits already derived, specifically the fly over done in the spring, which provides information and detail upon which layers can be built. Jayson Brennan and Tom Killelea from CDM will review the applications of the GIS system which the Town can take advantage of, cutting across all Town departments. This will show the immense capabilities of the system, how the Town can be more transparent, with accessibility of information to anyone who can get on the Town's web site.

Mr. Milone thanked the support staff on this project – Mario Panagrosso, Don Nolte, Jim Jaskot, Arnett Talbot, department heads and staff, all of whom will be integrally involved with the system.

Mr. Milone informed the Council that the pavement management index must still be installed into the GIS system, which will permit decisions on paving in a few minutes as opposed to a few days. This system was very helpful in designing the routes for the new automated recycling program, including break points for delivery of bins, the number of streets making up each section for pickup.

Jason Brennan and Tom Killelea, Principals and project leaders of CDM Smith, did the presentation on the new GIS System.

A copy of the CDM Smith presentation on the GIS System is attached to these minutes.

Vision for GIS in Cheshire – this is a town wide mapping system where information is centrally located in one spot. The system spatially enables town departments to access information such as building permits, police and fire incidents. It is a more efficient decision making tool for planning, engineering, and response; and provides data to departments and the public; and the system is an information repository for decades to come.

Phase 1 – GIS Strategic Plan – the road map to implementation of the system included departmental interviews, data and system assessment, recommendations and alternatives, strategic plan development.

Phase 2 – GIS Data Development – this process includes aerial mapping (planimetric mapping, topography, digital aerial imagery). In Spring 2012 there was a fly over of the Town, with 150 photographs taken.

GIS Data Layer Development – includes parcels, wastewater, storm water and water, zoning, environmental data, districts, school zones, permits.

Tom Killelea displayed the base mapping of the GIS System with data layers, which includes houses, pools, utility poles, manholes, fire hydrants, driveways, etc. All the data has a data base associated with it.

Using the mapping with data layers, Mr. Killelea displayed some of the various layers of the system showing different topography, various elevations, location of Town roads, accuracy of distances at town lines, houses with fences, driveways, pools, grass areas, environmental data, school districts, zoning data. The land use map has an analysis of various uses, including property values. The GIS mapping can provide a condition assessment of the roads. Once all the data is completed it goes into the Town's server environment.

Phase 3 – System Implementation – This phase includes the management approach, GIS hardware and software, integration with systems, custom web and mobile applications. The information is available to the public, all Town departments, and fire trucks with an I-Pad have access to all the data on a fire call.

The issue of the information being proprietary to the Town was raised by Mr. Sima, particularly people taking the information for another system.

In that regard, Mr. Brennan said that the Town must have policies and procedures in place as to what data can be out to the public, and whether a nominal fee is charged for the information. He noted that some layers of the data map are protected, i.e. utilities. Mr. Brennan recommended that the Town have these policies and procedures, to include the data cost policy, data protection policy, and data disclaimer policy.

The Steps to GIS Implementation were reviewed by Mr. Brennan. The data layer development, implement to departments are in process. The process should include the implementation of policies and procedures.

What's Coming Up Next – installation of the data on Town systems; acquisition of GIS software; development of sewer and storm water data, web and mobile applications, and the development of GIS policies and procedures.

Mr. Milone reported that there is a balance of \$131,000 in the project account. The biggest expense will be the sewer and storm water mapping of \$50,000 to \$80,000. There are ancillary things to fit in, and there will be enough money to complete the project. Mr. Milone noted that the Planning Management Index which the Council supported in the planning budget helped a lot in this project budget. The PMI will be done in the spring. Much of the GIS system will be on line soon, about 6 weeks. There must be a disclaimer and fee structure in place before the system is on line.

According to Mr. Brennan, the base mapping is completed right now, and the software can be used now.

Mr. Milone commented on COG getting a grant for a fly over a few years out, and this new data will be available to the Town.

Mr. Sima questioned the pixel for 3 inches, and if the resolution can be changed to 1 or 2 feet on the web site, as this would stop the process from being taken from the Town.

In response, Mr. Brennan said that some of CDM Smith clients have done this, and channeled the resolution down to 1 foot. The zoom in could also be stopped at certain levels.

A question was raised about the sustainability of this software, how long is it livable.

Mr. Brennan replied that this data is really living. It must be realized that when parcels are in there, those layers are not snap shots in time. As lines and properties change, the information is maintained at Town Hall, and is continually improved over time. The aerial photographs do have a shelf life, and communities do aerial topography once every five years. With the COG grant there will be new aerial mapping in 3 or 4 years.

Mr. Nolte spoke to maintaining this data at a cost effective means, and we want to keep it in disc format with a fee charged for the data.

With regard to security risks and potential lawsuits, Mr. Brennan said this is done through the policies and procedures which are in place. Some municipalities only provide some of the layers to the public.

Chairman Slocum thanked Mr. Brennan and Mr. Killelea for their informative presentation to the Council and the public on the GIS System.

#### **4. REVALUATION UPDATE**

Tax Assessor, Mario Panagrosso, submitted information to the Council on the revaluation timeline. The process has been ongoing for about 11 months, with the revaluation company inspecting properties in Cheshire. 89% of the properties have had an exterior inspection; 17% to 20% have had an interior inspection. To date there have been no major issues or complaints. Calls to his office are about security, confirmation of revaluation personnel, and the revaluation itself.

Mr. Panagrosso reviewed the time line, and a copy of the document is attached to these minutes.

March/April 2012 and March/April 2013 – Assessor request of income and expense statements from commercial/industrial taxpayers, which was due June 1<sup>st</sup> of each year.

March 2013 through July 2013 – data mailer sent to residential property owners to verify property details.

Summer 2013 and Fall 2013 – Valuation and analysis phase.

November 2013 – Assessment change notices mailed; old and new assessments provided; explanation of informal hearing process and Board of Assessment Appeals process.

December 2013 – Informal hearings conducted with revaluation company.

January 2014 – Informal hearing results mailed to taxpayers; Assessor signs 2013 official grant list implementing new assessments.

February 20, 2014 – deadline for filing application with Board of Assessment Appeals.

March 2014 – Board hearings; March 31, 2014 – Board result notices sent; hearing changes incorporated into grand list.

July 2014 – tax bills are mailed with assessments from revaluation.

The Council was told by Mr. Panagrosso that some communities saw a decrease in assessments of 7% to 10%. He looked at the median sale price of property in Cheshire. In 2008 it was \$315,500 for a single family home or condo; and January to November 2012 the price is \$285,000. This is a decrease of 10%.

Mr. Panagrosso talked about the expenses associated with defense of the commercial property tax bills. Therefore, during this revaluation process, the Town will hire a commercial appraiser which should help avoid lawsuits.

Mr. Schrumm asked about getting closer to the official values and the point where adjustments are made on which way the market prices are going. He noted that past revaluations have caught the downward and upward progress of prices.

In November 2013, there will be a review of sales and Mr. Panagrosso said if adjustments have to be made, that will be done, and then there will be a realistic picture.

Mr. Ruocco said that if the property values trend upward, this would be captured. After November 2013 people will get their notices on new assessments and instructions on appeals.

When the notices go out, Mr. Panagrosso said that all the information will be on the internet for the public.

## **5. DISCUSSION ON PENSION ACTUARIAL ISSUES**

Rebecca Sielman, FSA, (Milliman) distributed a copy of her report on the pension plans, and a copy is attached to these minutes.

Mr. Milone explained that, due to the 2008 stock market decline, the Town was facing a precipitous increase in the pension plan contributions as a result of the actuarial evaluation of 2010. The firm of Milliman was hired to help with some options that would allow the Town to adequately meet its financial obligations, and not create the spike being faced with contributions increasing by over \$1 million. Ms. Sielman came up with a lot of options, and the Town came away with a viable, realistic and affordable plan. The Pension Board went out with an RFP for an actuary, and hired Milliman as the Town's actuary. This is the first season that the firm does the actuarial report, and they did an interim report a year ago.

During the crisis situation, Ms. Sielman familiarized herself with the Town's plans, demographics, challenges, and will be providing the Town with immense, useful and pragmatic help.

The Milliman Firm has had a realistic approach in dealing with the challenges facing the Town with its pension plan. At this time the evaluation is not ready because Milliman needs a lot of data from the Town's former actuarial firm, which should be forthcoming very soon. Mr. Milone said that the Council has been concerned about the big financial issue the Town is facing in the sustainability of the pension plan, and adequately funding this plan.

After a meeting between Ms. Sielman, Mr. Jaskot and Mr. Milone, an insightful overview has been compiled by Ms. Sielman about everything the Town needs to know...short of having the evaluation in hand.

Ms. Sielman stated that this is a preview meeting, and we are a long way from having the final numbers for the 2012 valuation. She said she had a lot of information to share with the Council, and distributed a packet of information to the Council. This packet is attached to the minutes of this meeting.

The July 1, 2010 full valuation recap was reviewed, which included a snapshot of all members covered by the pension plan and the assets, liabilities are calculated, with determination of a required annual contribution.

The 2010 valuation was the first valuation where the 2008-09 market losses were reflected. The biggest part of a plan is the investment performance. Ms. Sielman commented on the fact that in past years the surplus had been used to help offset pension costs. In the 2010 valuation, the annual required contribution would have almost tripled, and in odd number years an interim valuation is done, where the actual investment performance is reflected, without new census data and no assumption changes are made. Prior to this time, the Town was in the position of having a surplus, which was used to offset some of the costs of the pension plan. Because of this surplus, the Town had a subsidized pension cost, without contributing the full cost of the benefits being earned each year. The market losses of the melt down not only blew through the surplus, but put the Town in a deficit position. The Town went from a subsidized cost to no more subsidies and needed to pay an extra amount to put the plan back to fully funded.

At this point, Ms. Sielman said she was called in; she worked with the actuary; and a few changes were made to the calculation of the annual contribution. There was a change in the way the unfunded liability would be paid off over time; the amortization period was lengthened; and the Town was still facing a large jump in the annual contribution.

In FY 10-11 the Town had paid \$1 million for the three pension plan, and would have had a contribution of \$2.1 million in FY 2012. In discussions with the Council and Town administration, a plan was formed to gradually phase in from that current contribution level to a 5-7 year period to the point of paying the full annual required contribution. The phase-in did involve annual step ups in the contribution of \$484,000, which the Town felt it could, financially, handle from a budgetary point of view. This put the Town on the path to ultimately fully paying the annual required contribution each year.

On page 4 of the 2010 recap, there is a graph which illustrates the projection from 2010 valuations through 2022. The 2010 valuations determine the contribution for fiscal year ending 2012. The FY 2012 required contribution was +\$2 million; with the transition year phase-in, the Town was contributing about \$1.5 million; and after 6 or 7 years it was projected that the phase-in would be complete and at the point where the Town could pay the full annual required contribution from that point on.

With 2011, Ms. Sielman said her firm did an interim valuation reflecting the actual investment performance. It was a strong year with healthy investment returns of about 20%.

The firm looked at how to project numbers forward across a 10 year period, did some tweaking to the projection. Page 6 shows the annual contribution being slightly more favorable based on 2010, and Ms. Sielman said she tweaked the projection a little bit to come up with slightly higher projected contributions. She noted that the farther into the future the more certain the actuary is that they are wrong, and evaluations change from July 1<sup>st</sup> to July 2<sup>nd</sup>. She commented on the data being just directional, having no real precision going farther than a day into the future.

Page 7 – July 1, 2012 Valuation – Preliminary. Ms. Sielman reviewed the data, informing the Council that Milliman is in the process of replicating the prior actuary's 2010 valuation results, and incorporating updated 2012 census data. Investment returns in 2011-12 were about 4.7%; interest rate assumption was 8.25% and needs to be lowered; and other actuarial assumptions and method changes may soften the impact of reducing the interest rate assumption. According to Ms. Sielman 8.25% is too high for the way the plan is structured, and it must be lowered. This will be a topic to be explored with the Town in the coming months.

Page 8 – 2012 Preliminary Results, no changes – and going out 5 to 10 years the full impact of the losses is shown, pushing the contributions upward.

Page 9 – Lowering the interest rate assumption – Pension benefits are paid in 3 ways through the employees and Town contributions and investment income. These are all estimated over time, and the Town's contribution is figured out to make it all come into balance. The lower the investment income the higher the Town's contribution needs to be. The lower the interest rate assumption the higher the liability; the lower the funded ratio, the higher the contribution. Lowering interest rate assumptions is bad news from a budgetary point of view. Page 9 states what lower interest rates mean...with the question of how much does the interest rate assumption need to decline.

Ms. Sielman stated that it is time to talk about lowering the interest rate assumption. This rate assumption is the expected long term return on the plan's investments, and expert opinions are turned to regarding what these returns will be. For each pension plan the answer is different because each has a different investment allocation.

Page 10 – the chart shows that expert opinion varies on capital market assumptions for a hypothetical portfolio by 7 investment firms.

Page 11 – the chart shows expert opinion changes over time from a single firm (Milliman), for a single portfolio, with calculations of expected returns and shows the various opinions. Over 10 years, 2000 to 2011, there is a 180 bp decline in this

decade. Ms. Sielman said that Milliman opinions change every 3 to 6 months, adding 2012 to the chart it would be lower by another 50 bp in a single year.

Page 12 – Milliman Analysis – Cheshire Plans. Ms. Sielman said the firm ran Cheshire's plan through the ASOP standard 27 over a long time horizon (75 years), looking at the long term median expected return on the plan's investments. For Cheshire's asset allocation it got to 6.73%, which is a long way from the 8.25%. She is not recommending Cheshire go to 6.75%, but said the Town must talk about something lower than 8.25%. This is a discussion which must be undertaken to end up between 8.25% and 6.75%.

Page 12 – Impact on Annual Required Contribution. Ms. Sielman said these are rough estimates on the impact to the pension plan with lowering interest rate assumption.

Each box on the page shows the impact at 8.25%, 7.5% and 6.75%.

8.25% - out 10 years shows an annual contribution at the \$7 million level.

7.5% - out 10 years the annual contribution is at the \$8.5 million level.

6.75% - out 10 years the annual contribution is at the \$10 million level.

Every 75 basis points reflect about \$1.5 million in contribution; and there is a significant increase with lowering the interest rate assumption.

Page 13 – Increasing Phase-In Amounts. Ms. Sielman stated that Cheshire's plan is to have a phase-in, and staying with the same dollar amounts from 2010, changing the interest rate assumption does not change what is budgeted. On the charts, looking at the phase-in amounts (orange lines) which are unchanged, you can see that by lowering the interest rate assumption, the phase-in amounts never catch up to the annual required contribution.

If the interest rate assumption is lowered, Ms. Sielman said that part of the discussion needs to be how Cheshire will change the extent to which it will increase the phase-in amounts to bring contributions, in a reasonable period of time, to catch up to the annual required contribution.

Page 14 – the charts show sample numbers. At 7.5% interest rate, if the current phase-in amount of \$484,000 is increased to \$600,000 or \$800,000, this means the Town's contribution goes up by another \$600,000 or \$800,000 each year. At the \$800,000 level the phase-in amounts catch up in about 6-7 years.

Page 15 – Recommendation. Ms. Sielman advised that when all the 2010 replication is finished, and the 2012 valuation is done, there will be a look at all the actuarial assumptions. Other things which can be tweaked will be looked at which will help mitigate the impact of lowering the interest rate assumptions. There will be a look at the way the contribution is calculated, the actuarial funding method being used, and if something can be found to provide a solid basis for funding the plan, and a more manageable annual contribution amount, these will be brought to the Town's attention.

The current assumption is 8.25%. The Milliman analysis yields 6.75%. Ms. Sielman's recommendation is to move the assumption to 7.5%, and keep an eye on it, as it may have to be lowered further.

Mr. Milone explained that Ms. Sielman will be looking at other assumptions, such as salary increases projected on the Town's side which have been 3.2% to 5.25%. The Town has not hit 3% with any of the union settlements in recent years. For the Police union the estimate has been 2.5% to 8%. He said the wage assumptions are too high, but we do not know how much they can be reduced, and how this would offset the reduction in the interest rate assumption.

According to Ms. Sielman the salary scale assumptions can be moved down a little to reflect a reduction in inflation, and this will help going in the right direction. Her firm will also take a look at turnover patterns, retirement patterns, and an expensive formal experience study could be done.

Ms. Sielman said it is possible there is a change to be made in terms of lowering the contribution, and that is changing the funding method. Actuaries use techniques to allocate the cost of pension benefits across an employee's working lifetime. With public plans there are two basic ways – one is projected unit credit, and the other is entry age normal. The entry age normal is used for about 80% of public plans, and Cheshire is using projected unit credit. For some employees it produces a higher cost and for others a lower cost. Until the numbers are run there is no idea whether this method is beneficial or not. Ms. Sielman advised that last week she gave good news to another client which made the switch from projected unit credit to entry age normal method, which lowered their funded ratio and their annual contribution by a significant amount.

The Council was told by Ms. Sielman that in FY 2015 the entry age normal will be the method required. This is when the unfunded pension liability must be placed on the Town's balance sheet, and this is coming from GASB 68.

Mr. Schrumm noted that when Ms. Sielman first met with the Council these were dark days with the Town looking at a \$1.1 million budget increase in that fiscal year which the Town and taxpayers could not afford. The historical change that was made was to do the smoothing routine, spread out the increases over 5 to 7 years, with an additional \$484,000 payment each year to get Cheshire back to being properly funded. Now, the Town is being informed that this extra \$484,000 will not be enough, and there will be outside pressure to make sure the Town gets to adequate funding levels. Cheshire will have to undertake additional contributions.

In response to these comments, Ms. Sielman said that they were correct. In 2010 the plan was 90% funded; in 2011 it was 84% funded, and this year with no changes, the plan would be 75% funded. As of July 1, 2012, before lowering the current 8.25% interest rate, the Town plan is 80%; Police Dept. is 77% and Fire Dept. is 35%.

Mr. Schrumm commented on the fact that the Town has done away with the defined benefit pension plans, with these numbers working into the calculations, showing up as a smaller liability and contribution.

Ms. Sielman said that there will be slower growth in the liability. When the 2012 valuation is done, there will be full detailed information, and have a much more refined projection into the future. This takes into the account the plans where there are no longer new members coming in to replace those terminated or retired. There will be a more precise look and projected population decline with more sophistication than can be done now.

Regarding the detailed reporting from Milliman, Mr. Schrumm asked if it would be in time for the finalization of the budget (April 9<sup>th</sup>) with the 7.5% assumption, and what the annual increase in contributions will be.

Ms. Sielman said the Town does not have the ability to pay the annual required contribution, so the discussion will focus on how much of an increase in the phase-in amount the Town can handle. She estimates the Town is looking at an increase of between \$600,000 and \$800,000 increase each year. Some towns are looking at using their fund balance and paying money into the pension plan, rather than the entire contribution coming from general revenue. Ms. Sielman said Cheshire could look at other assets to contribute to the pension plan to help keep the mill rate increase down.

For clarification, Chairman Slocum noted that the current amount is \$484,000, and the Town is looking at increasing this by \$250,000 or more to get to the new contribution number of \$600,000 or more. He said the Town has been in the phase-in plan for three cycles.

Mr. Sima asked about taking the reserve funds, and offsetting one year's contribution number, with the following year still another \$800,000 compounded on top of this. This will be a huge burden to the taxpayers. At one point in time everyone will be at a lower funding rate of about 80%, and he asked what is typical for the State towns, i.e. 80% or 50%, and when it affects the ability of towns to borrow money.

In response, Ms. Sielman said she did a survey of Connecticut municipalities based on 2010 annual financial reports. At that time the median funded ratio for towns was 78% funded plans. Cheshire's number would have been 120% at that time because it would have reflected the 2008 valuation. Right now with the 2012 results Cheshire's would be in the 65% to 70% funding level. With lower interest rate for Cheshire, the town would be in the middle range. Ms. Sielman commented on Cheshire being unfortunate with an over-funded plan for the market loss, as this was the hardest place to be when being hit with the losses. It is difficult to go from a subsidy gone with a cost on top.

With regard to the rating agencies and the affect on Cheshire, Ms. Sielman said that bond ratings are relative to other similarly funded communities. One thing that stands out with the rating process is whether a town has a plan, and Cheshire has a plan, not

paying 100% of the required contribution, and has stuck with the plan. Now, the town is making changes to be more conservative by saying 8.25% is too high an interest rate assumption, and there is a need for realistic numbers behind the plan, with adjustments made so that the plan can be fully funded again.

Mr. Ruocco asked about the rate of return for the plans over the last 20 years.

Mr. Jaskot said it was about 20%; was then at 17%; and is now half of that in the last few years.

When assumptions and snapshots are done, Mr. Talbot asked if they are based off the town's projected 3% to 5% wage increases, or off the actual contract wage increases.

The assumptions are long term in nature and Ms. Sielman said that while we are in a period of low wage inflation, this is not expected to continue indefinitely. It is expected over the long term that inflation will be somewhat lower in coming decades than has been seen in the past. This brings all the numbers down 25 to 50 basis points. To a certain extent, things specific to contracts are looked at, i.e. the Police Department and Teachers contracts which have step increases imbedded in them. These are reflected in the individual pay increases. Employees without these step increases must still be looked at beyond the inflation built into the contract, because an individual's pay increases over time through seniority, promotions, longevity, etc. This is all taken into the mixture in coming up with the assumption. Milliman will come up with something higher than in recent contracts both because of looking long term and other things.

With closing of the defined pension plan to new hires, Ms. Flynn-Harris asked how far the effect would be going out the long term, i.e. 10, 15, 20 years.

In doing the July 2012 valuation, Mr. Sielman cited an example of closing out the plan effective 7/1/11 to Union "A", and now there are no new Union A members. The numbers are lower by 1 or 2 people who would have just entered the plan. Someone entering the plan has zero liability, and the only thing a new person has is normal cost of benefits being earned each year, and they are lowest for the younger person. All that has been done to the contribution is that there is no cost of benefit accruals for a handful of people hired in the past year, who are now in the defined contribution plan. In the early years the town may be paying more into the defined contribution plan than paid into the defined benefit plan. In year #2 there will be two years worth of new people not included in the valuation, and the cost of benefit accruals.

Over 20+ years everyone working for the Town is covered by the defined contribution plan, with no more employees covered by the defined benefit plan. So, there is no cost of benefit accruals for anyone; there is slowing of the rate of accrued liability; and removal of one whole chunk of the contribution because the town is paying into the defined contribution plan. Ms. Sielman said there are towns which have put in defined contribution plans that are more generous than the defined benefit plan, so costs have shifted, and they removed risks and uncertainty.

According to Ms. Sielman we are talking decades, 25 to 30 years before the Town sees a significant difference.

Chairman Slocum noted that the Town expected to receive information about increased contribution costs.

Ms. Sielman informed the Council that there will be a packet of the plans in about 8 weeks for review. There will be different approaches and recommendations for changes in a package with numbers the Town can live with.

Chairman Slocum expressed appreciation to Ms. Sielman for the informative presentation.

## **6. CELL TOWER AGREEMENT**

MOTION by Mr. Sima; seconded by Ms. Nichols.

BE IT RESOLVED, that the Town Council approves Resolution #012213-1

### RESOLUTION #012213-1

BE IT RESOLVED, that the Town Council hereby authorizes the execution of an Option and Ground Lease Agreement by and between the Town of Cheshire and Homeland Towers LLC, and

BE IT FURTHER RESOLVED, that the Town Manager is authorized and directed to execute on behalf of the Town said Agreement in the form and upon the terms and conditions as presented at this meeting, pursuant to the approval by the Town Attorney as to legal sufficiency.

#### Discussion

Mr. Sima reported that a few years ago, AT&T came to the Planning Committee as they wanted to put a cell tower where the water treatment plant is located. Much work was done by AT&T, putting up a crane, testing the air for strength of signal, and then AT&T went into a merger and all tower worked stopped. Last year there was renewed interest in the tower with presentations made to the Planning Committee. The numbers were looked at, and they were not even close to what had brought forward earlier. The committee went back through the Town Attorney to come closer to the original numbers presented. The lease agreement is not exactly what AT&T's original numbers, but is fairly close. There is \$20,000 in annual payments and 20% of the rate for each additional co-antenna on the tower and 3% adjustment for each year of the agreement.

One of the main points the Town pushed for was for Cheshire to get a communication spot on the tower. Mr. Sima noted that Cheshire has a very weak area for the Police

and Fire Departments for communication. The Town Attorney worked hard on this issue, and AT&T will give the Town space on the tower and a building on the ground to house our equipment. This will supplement our communications, and get rid of the dead spots in the north end of Town.

Mr. Sima said this is a win-win for the Town, and this approval is just the first step. Once there is an agreement the process goes through all the Town boards and commissions, then to the Siting Council for full review and public hearing in Cheshire for residents to voice opinions on the tower.

Mr. Talbot asked about property taxes on the tower.

This site is on Town property and Mr. Milone does not believe there is no real estate tax involved, and estimated property taxes are about \$1500 to \$3000 annually. There is \$7500 for a closing payment.

Town Attorney Smith said the primary approving agency is the Siting Council, a State agency that supersedes local land use authority.

Ms. Flynn-Harris stated that the Siting Council prefers the Town have a review and regulations to cover this because they are taken into consideration. This Council is the final word. The company could have already filed a plan with the Siting Council before coming to Cheshire.

Mr. Talbot asked about the typical rental for space on a cell tower, and where the Town's space would be.

In response, Attorney Smith said he is not sure of the average cost, but he will find out and advise the Council.

Mr. Sima said he was not sure about this rental cost, but coming down the tower there is a lesser rate, with the higher tenants paying the most. This would be the primary tenant. Cheshire has the very top of the tower.

On the rent, Mr. Milone said he could give a ball park number of about \$2000 per month per rental. The Town will receive \$24,000 for the first co-locator; the assumption is 4 more co-locators at \$2000, and 20% would be \$19,200 from 4 aggregate co-locators. However, this is all an assumption, and could be too high. It is estimated the total would be \$43,000 annually or a little less. He will get more realistic estimates and get this information to the Council, along with the estimated tax revenue.

Mr. Sima told the Council that the tower location is at the Wastewater Treatment Plant, to the right of the digesters, in an area where the original tower was to be installed.

Mr. Milone said the tower must be inside the gate for security reasons.

The Council was informed that the tower company cannot make a lease agreement without a commitment from the Town of Cheshire.

Mr. Ruocco stated that this tower is in his district, and many people are concerned about the tower near their property for safety issues and the height of the tower. He will not support the cell tower proposal, and he encouraged people to participate in the Siting Council public hearing.

VOTE The motion passed 8-0-1; Ruocco opposed.

## **7. ACCEPTANCE OF FY 11-12 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

MOTION by Mr. Ecke; seconded by Ms. Falvey.

BE IT RESOLVED, that the Town Council approves Resolution #012213-2

### RESOLUTION #012213-2

BE IT RESOLVED, that the Town Council accepts the FY 11-12 Comprehensive Annual Financial Report (CAFR).

#### Discussion

Mr. Ecke reported that the report from McGladrey was reviewed and approved by the Audit Committee. Scott Bassett from McGladrey commended Mr. Jaskot and Ms. DeFilio and the Finance Department staff for their integrity, work ethic and great performance of their duties on this report.

The Council was informed by Mr. Jaskot that the audit went very smoothly. He also commended Ms. DeFilio and the department staff and all Town departments for their work on the audit. Mr. Jaskot briefly commented on the overview of the audit report, stating that the rating agencies use this document. Cheshire has received the award from the Government Finance Officers Association of the United States for its excellent reporting standards. This award helps with the rating agencies.

Mr. Jaskot pointed out areas of the report including the Transmittal Letter, Summary of Local Economy, Major Initiatives, Long Term Financial Planning, Refunding of bond issues, and continued tax collection rate of 99.6%.

Chairman Slocum commented on Cheshire going through a clean audit, being so well managed compared to other towns, and thanked everyone involved in the audit report process.

It was noted by Mr. Jaskot that Cheshire management looks at trends, watches numbers very carefully, and auditors spend a great deal of time looking at the control structure of each Town department. Everything is looked at internally and externally.

Mr. Schrumm commended Mr. Jaskot, Ms. DeFilio and Town staff for their hard work, outstanding professionalism and an excellent audit. He stated that this report is a wealth of information for the Town and citizens should look at the report to know everything about their Town.

VOTE The motion passed unanimously by those present.

## **8. ADJOURNMENT**

MOTION by Mr. Schrumm; seconded by Mr. Ruocco.

MOVED to adjourn the Special Meeting at 10:10 p.m.

VOTE The motion passed unanimously by those present.