

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF SELECTMEN**June 25, 2015**

A special meeting of the North Haven Board of Selectmen was held on Thursday, June 25, 2015 at 8:00 a.m. in the conference room #1 of the Town Hall, 18 Church Street, North Haven, CT.

Members Present:

First Selectman, Michael J. Freda
Second Selectman, Timothy M. Doheny
Third Selectman, Sally J. Buemi

Others in Attendance:

Edward Swinkoski, Director of Finance and Administration TONH
Kristine Carling, Director of Finance and Operations NH Public Schools
Attorney Jeffrey Donofrio
Susan Duskow, Johnson Controls

Mr. Freda called the meeting to order at 8:04 am and asked if there was any public comment relative to the agenda hearing none, Mr. Freda then advised that this Special meeting was called to consider and act upon the following:

TOWN OF NORTH HAVEN RESOLUTION AUTHORIZING A LEASE PURCHASE
FINANCING OF THE ENERGY PERFORMANCE PROJECT

Mr. Doheny and Miss Buemi read the following resolution into the record,
RESOLVED,

(a) That the Town of North Haven undertake a lease-purchase financing of the cost of the installation of energy conservation measures, including related equipment installation, at certain Town and Board of Education facilities, in a principal amount not to exceed SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000), for a term not in excess of 20 years. The project may include acquisition and installation costs, equipment, legal fees, construction period interest and other financing costs, and other expenses related to the acquisition and financing of the project.

(b) That the Town hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that any project costs paid from temporary advances of available funds will be reimbursed with the proceeds of a lease financing in an aggregate principal amount not in excess of the amount of the lease authorized for the project; and to authorize the First Selectman to amend such

declaration of official intent as said official deems necessary or advisable and to bind the Town pursuant to such representations and covenants as said official deems necessary or advisable in order to maintain the continued exemption from federal income taxation of the interest portion of any payments due under the lease authorized by the resolution if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years;

(c) That the First Selectman is authorized to approve, execute and deliver on behalf of the Town any lease purchase agreement and any certificates or documents related to the project or the financing and is authorized to determine the amounts, dates, interest rates, maturities, prepayment terms, form and other details of the lease purchase agreement; to determine whether it is in the best interest of the Town to enter into a lease-purchase financing in such form and manner that interest thereon is not excluded from gross income for Federal income tax purposes; and to perform all other acts and execute all other documents which are necessary or appropriate to enter into the lease-purchase agreement;

(d) Neither this Resolution, the Agreement nor any other instrument shall be construed with respect to the Town as incurring a pecuniary liability or charge upon the general credit of the Town or against its taxing power, nor shall the breach of any agreement, instrument or document executed in connection with this Resolution impose any pecuniary liability upon the Town or any charge upon its general credit or against its taxing power, except to the extent that payments due under any such agreement, instrument or document are special limited obligations of the Town; and

(e) That the First Selectman, and other proper officers and officials of the Town are authorized to take any other action which is necessary or desirable to enable the Town to complete the project and to effect the aforesaid lease purchase financing.

Mr. Freda explained that we have been working on energy efficiencies for the last 4 to 5 years. This resolution would allow us to upgrade our infrastructure in the Town buildings and enhance our energy efficiencies. The payment for the upgrades will come from the savings. We engage in a performance contract with Johnson Controls and over the course of 12 months they install and make all the upgrades and enhancements to our infrastructure. There are no upfront costs to the Town. We borrow at very low rates and the payments are funded through the difference in the savings of approximately \$400,000 a year.

Mr. Doheny and Miss Buemi had several questions regarding the performance contract relative to the boilers in the schools. Ms. Susan Doskow of Johnson Controls responded to their inquiries. Miss Buemi asked why this did not have to go to a Town Meeting. Attorney Donofrio explained there is no debt or expense to the Town. If Johnson Controls does not realize the savings, there is no liability to the

Town. If they (Johnson Controls) are unable to perform, they hold the obligation. Mr. Freda restated that the savings are generating payments and the Town has no debt or obligation.

The Selectmen, Mr. Donofrio, Mr. Swinkoski, Miss Carling and Ms. Doskow continued discussing the details of the performance contract and the lease agreement. Mr. Freda noted that this is the best way to plan for the future, getting the enhancements done in a concentrated period of time with no capital expense to the Town.

Miss Buemi asked when did the audit take place, how long did it take and who paid for it. Susan Doskow explained that they have been working on the energy audit for the past 5 months. All of their calculations have been reviewed by the UI. They have undergone rigorous auditing. In addition to that, Celtic Energy, the Owner's Representative, has also reviewed and approved. She stated that there was no out of pocket expense to the Town.

Mr. Donofrio stated that Johnson Controls and the Celtic Energy were procured through the bid process.

Miss Buemi asked why there needed to be a Special Meeting and why it could not be done at the next regular Board of Selectmen's meeting. Mr. Swinkoski explained that in order to lock in the 2.61 rate, it had to be completed by July 2nd. The Board continued to discuss and review with Kristine Carling and Attorney Donofrio the concerns and history with the boilers in the schools.

Mr. Doheny had several questions on the reconciliation with Johnson Controls. Susan Doskow explained the monitoring process. The Board continued their discussion including the vetting of this type of program and the references for Johnson Controls. Counsel concluded with the reassurance that the Town is protected.

Upon conclusion of their in depth discussion, Mr. Doheny motioned to approve the resolution, seconded by Miss Buemi.

Vote: Freda – Yes, Doheny – Yes, Buemi – Yes

Mr. Doheny motioned to adjourn the meeting, seconded by Miss Buemi at 9:07 a.m.

Vote: Freda – Yes, Doheny – Yes, Buemi – Yes