

At a Special meeting of the Town Council holden in and for the Town of Gloucester on March 27, 2024

I. Call to Order

The meeting was Called to Order at 6:00 P.M. by Councilor W. Worthy, Town Council President.

II. Roll Call

Members present: Cheryl A. Greathouse; Jonathan E. Burlingame; Walter M. O. Steere, III; Stephen W. Arnold, Vice President; William A. Worthy, Jr. President

Also Present: Jean Fecteau, Town Clerk; David Igliazzi, Town Solicitor (arrived at 6:05 PM); Christine Mathieu, Deputy Town Clerk; Jane Steere, Tax Collector and Interim Finance Director; Gary Trembl, Director Public Works; Gerry Mosca, EMA Director; Chief Joseph Delprete, Gloucester Police; John Luszcz, Human Services Director

III. Pledge of Allegiance

Councilor W. Worthy asked everyone to please stand and join in the Pledge of Allegiance.

Councilor W. Worthy stated that before we begin, our Solicitor has asked that Council add to this agenda, for discussion only, an Executive Session for potential litigation on an unrelated item.

MOTION was made by Councilor W. Steere to ADD to Agenda, following Item IV., Executive Session Pursuant to: R.I.G.L. 42-46-5(a)(2) Any discussions, considerations, vote or other actions by Town Council related to Sessions pertaining to potential litigation or work sessions pertaining to litigation; seconded by Councilor J. Burlingame

Discussion: None

Councilor W. Worthy asked the Clerk to Call the Roll

Councilor Greathouse- Aye
Councilor Steere- Aye
Councilor Burlingame- Aye
Councilor Arnold- Aye
Councilor Worthy- Aye

Discussion: None

MOTION PASSED

IV. Police Station replacement or renovation- Update, Discussion and/or Action
A. Debt Service Projection and Tax Rate Impact- Discussion and/or Action

Discussion: Councilor W. Worthy stated that the meeting tonight is a one sided story where Council will be receiving information about the financial projections and tax rate impact. Councilor W. Worthy stated that there will be a time for two way conversations, but not tonight.

S. Maceroni stated he is from PFM Financial Advisors and is the town's fiscal advisor. S. Maceroni gave a presentation regarding the debt service projections and the tax rate impact.

S. Maceroni stated that the existing debt of the town is \$775,000 with a final maturity date of 2027. S. Maceroni stated that the annual debt service is approximately \$200,000. S. Maceroni stated that there is a school debt of \$14,000,000 that is outstanding with a maturity date of 2029 but that Gloucester only pays a portion of that debt.

S. Maceroni stated that he prepared information based on two scenarios: a 14.5 million dollar bond and a 16 million dollar bond. S. Maceroni stated that both bonds were estimated for a 20 year period and at 4 percent interest rate. S. Maceroni stated that based on these terms the 14.5 million dollar bond would have an annual debt service of \$1,070,000 . S. Maceroni stated the 16 million dollar bond would have an annual debt service of \$1,180,000.

S. Maceroni also calculated the tax rate impact for both bonds for residences having property valuations of \$350,000; \$450,000 and \$550,000. S. Maceroni stated that he calculated the tax impact for the 14 million dollar bond to have a 61 cent increase per thousand on the tax rate . S. Maceroni stated the projected increase would be \$212 for a home valued at \$350,000; \$273 for a home valued at \$450,000; and \$334 for a home valued at \$550,000.

S. Maceroni stated that he calculated the tax impact for the 16 million dollar bond to have a 67 cent increase on the tax rate. S. Maceroni stated that this increase is calculated to project a \$234 increase for a home valued at \$350,000; \$301 for a home valued at \$450,000; and \$369 for a home valued at \$550,000.

S. Maceroni stated that rating agencies like to have the debt to full value ratio be under 2% and the debt to services of operating budget be under 10%. S. Maceroni stated that the projections for both bonds would still be within those levels.

D. Igliazzi, Town Solicitor, asked if S. Maceroni had an opportunity to calculate the effect of the 5.3 million dollar grant that the town has been awarded on these bond proposals.

S. Maceroni stated that the 14.5 million dollar bond would be reduced to 9.2 million if the grant is included. S. Maceroni stated that the annual debt service would be \$680,000 over 20 years and with a 4 % interest rate. S. Maceroni stated that the tax rate impact would be 39 cents per thousand

or \$135 for a home valued at \$350,000; \$173 for a home valued at \$450,000; and , \$212 for a home valued at \$550,000.

S. Maceroni stated that the 16 million dollar bond would be reduced to 10.7 million if the grant is included. S. Maceroni stated that the annual debt service would be \$790,000 over 20 years and with a 4 % interest rate. S. Maceroni stated that the tax rate impact would be 45 cents per thousand or \$157 for a home valued at \$350,000; \$201 for a home valued at \$450,000; and , \$246 for a home valued at \$550,000.

Councilor C. Greathouse asked how the interest of 4% works over the 20 years. S. Maceroni stated that it would work just like a home mortgage with payments of principal and interest on an annual basis.

Councilor C. Greathouse asked how the 39 cents and the 45 cents would factor into the overall payment over the 20 years. S. Maceroni stated that the debt service and the tax rate increase both include the principal and interest.

Councilor W. Steere asked if there were any prepayment penalties. S. Maceroni stated that typically a bond payment can't be called within the first ten years and that there is no penalty after 10 years.

D. Igliazzi asked about the timing of the bonds. S. Maceroni stated there are two ways bonds are funded to the public. S. Maceroni stated one is a longer term plan that includes phases and the other is bond appreciation notes used for a short term of one year which can be rolled into new bonds after that one year.

Councilor C. Greathouse asked about the square footage rates stated by the architect at the prior meeting and if the bond numbers would be sufficient or if an increase in the cost per square foot would result in a revision of the numbers presented tonight.

Councilor W. Steere stated that the numbers the architect provided were his best estimates. Councilor S. Arnold stated that the architect included escalators in his numbers. Councilor J. Burlingame stated that escalators are in the numbers given by the architect and include increases in the square footage price.

B. Misc. Financial Information for Discussion and/or Action

Councilor W. Steere stated that the town learned they had received 3.85 million dollar grant on Tuesday to be used towards the police project. Councilor W. Steere stated that Council needs to make a decision that is in the best interest of the voters that meet future needs.

Councilor W. Worthy thanked all who came to the meeting. Councilor S. Arnold stated there will be public hearings to come. Councilor W. Steere stated that the Council will make a decision at the April 4th town council meeting

MOTION was made by Councilor J. Burlingame to ADJOURN to Executive Session Pursuant to: R.I.G.L. 42-46-5(a)(2) Any discussions, considerations, vote or other actions by Town Council related to Sessions pertaining to potential litigation or work sessions pertaining to litigation; seconded by Councilor S. Arnold

Discussion: None

Councilor W. Worthy asked the Clerk to Call the Roll

Councilor Greathouse- Aye
Councilor Steere- Aye
Councilor Burlingame- Aye
Councilor Arnold- Aye
Councilor Worthy- Aye

Discussion: None

MOTION PASSED

All waiting were invited back into the meeting after Executive Session.

IV. Councilor W. Worthy asked for a motion to reconvene open session:

MOTION was made by Councilor W. Steere to Reconvene Open Session; Disclose zero (0) votes were taken in Executive Session & to Seal the Minutes of Closed Executive Session pursuant to R.I.G.L. 42-46-7.c; seconded by Councilor J. Burlingame

VOTE: AYES- C. Greathouse, J. Burlingame, W. Steere, S. Arnold , W. Worthy
NAYS- 0

MOTION PASSED

V. MOTION was made by Councilor W. Steere to Adjourn at 7:00 p.m.; seconded by Councilor J. Burlingame

Discussion: None

VOTE: AYES- C. Greathouse, J. Burlingame, W. Steere, S. Arnold , W. Worthy
NAYS- 0

MOTION PASSED