

**Board of Selectmen
Special Meeting
VIRTUAL
February 1, 2022
MINUTES**

Present: First Selectman Dan Jerram, Alesia Kennerson, Laura Garay, Administrative Assistant Christine Hayward. ALL VIRTUALLY

First Selectman Jerram called the meeting to order at 6:43 PM

First Selectman Jerram reminded all that the Towns people had approved the sale of the water and wastewater assets to Aquarion Water Company on March 6, 2021.

The sales contract has been developed, reviewed and agreed to by New Hartford Town Attorney Roraback in cooperation with Attorney Cochrain representing Aquarion. The Title work that goes along with such a transaction has also been completed. Jerram noted that a lot of title work was missed by the Title Searcher, which added to the workload of the town attorney. For example, there is a sewer pipe that runs in the area of the town pavilion near the river and an easement needed to be created for this area. A lot of research into old deeds was needed in order to complete some of the missing easements. Jerram informed the Selectmen that approval of this contract will get the transaction to the next step; which is review and hopefully subsequent approval by PURA (Public Utility Regulatory Agency).

Mr. Jerram explained that the town is not selling any part of the system that is covered by a different Exclusive Service Area (An area where public water is supplied, or will be supplied, by one system) The ESAs were established by the Western Utility Coordinating Committee.

For example, the 10 inch pipe on Farmington River Tpke that used to connect to the MDC reservoir is not included in the sale. The pipe is not connected to drinking water and the rights to use that connection have been granted to Ski Sundown.

Five parcels of land will be transferred to Aquarion as part of the sale. The sewer treatment plant encompasses two parcels of land. There are 2 parcels that abut the treatment plant that were supposed to be merged with the larger parcel where the Waste Water Treatment Plant (WWTP) sits. Aquarion has promised that if the town is still interested in a wash bay on this site, they will work with the town as long as the bay does not interfere with the operation or the security of the WWTP. The driveway that provides access to the sewer plant goes with the sale. This is not a street, it is a driveway and will be transferred to Aquarion. The land that the well house sits on at Blackbridge will also be transferred. The town will retain rights to access the bridge in case there is a need to do repairs on the bridge. 500 Main Street is where the sewer pumping station sits, often referred to as the "wet well." This is at the corner of route 219 and 44.

There are 65 -70 properties that will be a bulk assignment of easements and there will be assignment of new easements. Jerram commented that investigation of all these details is what took so long to get to a point where the attorney was comfortable with signing off on the transfer.

Past due balances due to the town on accounts will continue to be due to the town; the town will continue to get the revenues due to them.

The First Selectman pointed out section 3.17 of the sales and purchase agreement - Municipal Tax Abatement. This is a slight change from what was previously understood. The cost of taxes due to the town is not factored into what the operations costs would be. If the taxes were included, it would work against rate relief. Having to pay tax to New Hartford would cause Aquarion to have to increase rates to cover the costs. Jerram stated that the most important reason for selling the system has been to provide rate relief to the users. He repeated his belief that "our independence in operating the system has not benefited the users; there has been no economies of scale to offset expenses."

Selectman Garay asked, "Is it the recommendation of the attorney to approve this contract?" Jerram replied that the attorney has reviewed it and has revised it as he saw fit. He has forwarded the contract for approval.

Garay asked if there was any language in the approved referendum regarding rates. Jerram stated that the resolution did not address the rates.

Garay questioned section 4.7 that refers to the developer's agreement asking how many units are going to be built in that location? She noticed that the number of units has decreased. Jerram replied that the WPCA has been in discussion with the developer regarding his proposal and they have reached an agreement regarding how the connections will be installed.

Garay revisited the tax exemption section and asked, "if the tax exemption gets defeated, does this kill the deal?" Jerram replied that there are still some unknowns with respect to rates because it will be up to PURA to decide what those will be. The tax exemption would be in the best interest of the users in order to keep the rates affordable.

Jerram stated that if PURA makes rulings that are not in the best interest of the community, there is always the final "get out of jail free" clause. The Town has reserved the right to cancel the transaction if they are not comfortable with what PURA decides.

Kennerson questioned section 3.15 – continued cooperation – asking, "how long will the seller (TONH) be involved in the process of issuing orders to connect?" Jerram replied that this would be until statutes supercede this authority.

Garay asked about the excluded assets Section I.2 subsection 2; how long will the town own the Pine Meadow sewer system? She wondered if there should be a timeframe for this transfer. Jerram replied that the referendum allows the Selectmen to transfer those assets at a time when it is best for the town. As a side note, Jerram noted that there is need to have an additional public hearing 6 months prior to the sale of the assets. A timeframe for this will be developed soon.

Garay asked if there was any concern by either of the other Selectmen regarding this document. She asked how comfortable they were with proceeding and approving this document. Jerram replied that

there is an iron clad get out clause and he is comfortable that this agreement allows the Town and Aquarion to proceed to the next step. Jerram feels it is time to move forward and get on the docket.

Garay asked about the next steps. Mr. Jerram stated that the Town will be involved with this for several more years. Jerram replied that the PURA process will be for 4 -6 months. Following an approval, there will be need to complete the design for sewer expansion in Pine Meadow then begin construction on the extension and work on implementation of subsidies. The work for the town is just beginning.

MOTION: by Kennerson to approve the asset purchase agreement for water and wastewater dated January 25, 2022 as presented (subject to revision of the email address listed for First Selectman Jerram); seconded by Jerram.

Garay noted for the record that she is relying on the expertise of the attorney in this area. Jerram replied that the security is in Section 7.9 e – a clause that allows the town to back out of the deal; if this deal gets through the regulatory agency and does not offer relief to the ratepayer, the town does not have to consummate the deal. Garay stated that her caution and concern is for the residents and “that they are getting out of this agreement what we told them they would be getting.” She added that she is relying on the relationship she has with this Board and the shared goal is that ‘we bring out the best interests of the town.’ Jerram stated that he understands her concerns and he agrees that this Board has worked together to bring about effective change for the town.

Jerram agreed that rule number one is to do no harm, “we are not here to harm people, we want to help them.” Jerram reiterated that “if this does not provide rate relief, I will not agree to the final sale.”

Jerram commented that he appreciated the work that was done by Attorney Roraback; terming it exemplary. Mr. Jerram stated, “He may not be the quickest, but he is thorough and that is what we want.”

Garay stated that since this moves the town forward, she approves this next step.

Unanimous.

The Selectmen discussed a next meeting date, settling on February 15 at 6:30 – to be held virtually as it was more convenient for the Selectmen.

MOTION: by Garay to adjourn at 8:18 PM; seconded by Kennerson.

Unanimous.

*Respectfully Submitted,
Christine Hayward, Administrative Assistant*

No attachments – a copy of the Asset Purchase Agreement is available upon request – the document is not yet complete – there are exhibits that still need to be attached.