

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

Board of Finance Chairman Joe Roderigo called the meeting to order at 7:01 PM with the Pledge of Allegiance.

MEMBERS PRESENT: Joe Roderigo, Tom Pratt, Jim Huk, Brian Ploss, Marc Bronn (7:09 PM)

MEMBERS ABSENT: Joe Dowdell

PUBLIC PRESENT: First Selectman Chris Bielik, Finance Manager Thomas Broesler, Mary Ellen Fernandes, P&Z Chair Kevin McDuffie, Marion Zollo

SOLAR PROJECT ON LOPUS ROAD – DISCUSSION AND POSSIBLE ACTION/VOTE:

J. Roderigo began the discussion on the proposed solar project on Lopus Road, and asked if there were questions on the financial data sheets about the project.

J. Roderigo asked First Selectman Bielik why the Board of Finance is learning about this project now. First Selectman Chris Bielik stated that the solar panel project has been brought before the Board of Selectman several times, discussed over many months and over more than one administration. It is the Board of Finance's fault for not being informed on the project.

J. Huk asked if he could mediate this discussion. His question is how is the solar project not a financial discussion.

First Selectman Bielik explained that the program is part of statewide program called Virtual Net Metering, which offers credits on electricity for projects which are instituted on municipal land. The contractor, Jordan Energy, has worked with the City of Derby and Beacon Falls was introduced to the company through Derby. The solar panels offset the town's encumbered electric bills. The panels are built and installed at no cost to town. The electricity produced from the panels credits existing electric bills and offsets the cost of electric power used by municipal buildings.

J. Huk asked about the size of the solar array and how the electricity usage was encumbered. When looking at the cost of the project versus the return by way of credits, he asked again how is this project not a financial matter? J. Huk also asked about the risks to the Town of Beacon Falls associated with the project.

First Selectman Bielik stated that Jordan Energy is more than willing to answer specific questions that are causing trouble for the Board of Finance. Jordan Energy will respond to any questions that the Board of Finance puts in writing.

J. Huk noted that the financials on the project have lot of dollar signs and he is peeved to have just learned about the project last week. J. Huk understands that First Selectman Bielik is the administrator of the town with authority to enter into a contractual relationship, but asked how does a project like this not go to the Board of Finance as a courtesy?

J. Roderigo noted that the Town has not resolved a long term plan for the Wastewater Treatment Plant and are we at risk for defaulting on this project. First Selectman Bielik noted that Jordan Energy was not

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

able to be there, but the way the project has been presented, there was no risk to the town in this capacity. The way the project is being developed, the administrator of the project will work with the town to mitigate risk.

Marc Bronn entered the meeting at 7:09 PM.

J. Huk agreed that the Board of Finance should be hearing from Jordan Energy. He asked when do decisions need to be made. If the project is approved before the Planning & Zoning Commission next Monday night, is the project a done deal which will move forward. Can the Board of Finance expect a 48 hour turnaround for answers from Jordan Energy?

J. Huk asked what happens if we need to expand the Wastewater Treatment Plant before the solar contract expires. What happens if we need to relocate the panels? First Selectman Bielik explained that Jordan Energy is working on a proposal which will include language for repositioning the panels so they can be relocated during the contract without cost to the town.

C. Bielik has also had conversations with John DeCarlo from the NVCOG who is spearheading the regionalization project for the Wastewater Treatment Plant and, it is unlikely that expansion of the Wastewater Plant will be mandated while the regionalization plan is being researched. The State DEEP is well aware of intention of the Valley towns in asking for funds for this study. While the cost to the town is a non-zero number it is unlikely that WWTP plans will interfere with the initial project.

Even so, there will be language added into the contract to reposition the arrays if needed and place them on the roof of the town garage. In a meeting held last week with Jordan Energy, they discussed credits available for replacing the Town Garage roof at 30% of the cost of the roof. The contract would then be modified and the Town's cost, which is 70% of the roof - is then factored into the rate that Jordan Energy is charging.

B. Ploss interjected in trying to ward off argument between both sides that the potential of cost overruns to the town, or discussion of the savings from the project, should have come to the Board of Finance.

Chris Bielik assured the Board that this decision was not made in a vacuum. The entire Board of Selectmen, several attorneys, and Planning and Zoning have been involved in this contract and have looked at the numbers. J. Huk asked if the Finance Manager or Board of Finance were involved in any of these discussions? C. Bielik noted that along with the Town Attorney, he consulted an energy-specialist "green" attorney. J. Roderigo asked for a copy of that attorney's opinion. First Selectman Bielik has the legal right to sign the contract but he did not decide on this project alone. J. Roderigo challenged this.

J. Huk noted by State Statute the Board cannot spend projected Town money. His concern is if the panels need to be moved, by the current contract, the cost is born by Town. If the Town has to buy out this project in 10 years, the cost is born by town. Currently there is no plan in place for the future of the WWTP and construction there may infringe on the location of the panels.

J. Roderigo stated that the costs of buying out the contract early outweigh any benefit to the town. The cost savings for first 5 years of contract are \$70,000. The cost to buy out the contract at 5 years is

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

\$560,000. At 10 years the buyout is \$420,000 and the Town will have saved \$260,000. The buyout in 20 years is \$184,000. The total savings for the Town over 25 years is \$928,000. Over the term Jordan Energy earns \$1.1M. J. Rodorigo also noted that the contract is actually with Green Beacon LLC, an entity created 12 days before the contract with no assets. Jordan Energy can cancel the contract at any time.

First Selectman Bielik did not agree with his assessment of the contract. J. Rodorigo stated that C. Bielik does not know what he is talking about. First Selectman Bielik asked that his comment be included in the minutes.

Planning & Zoning Chairman Kevin McDuffie noted that the ZRec contract for Jordan Energy ends at 25 years when the town can buy the panels or dispose of them. There is no cost to the town at the end of the contract. Jordan Energy will have made \$1.1M. The Town will have saved about \$900,000.

There was continued discussion about different possibilities for the WWTP plant site, which included moving the fence on the property and the timeline for decisions to be made on the future of the site. K. McDuffie stated the goal of moving the fence is to avoid encroachment on the solar project.

J. Rodorigo asked K. McDuffie if he is in favor of the project. K. McDuffie stated he would like to see the amendment to the contract which includes movement of solar panels at no cost to town. J. Huk asked if that amendment would be in the contract if the BOF was not involved in the matter.

B. Ploss stated that this is about various departments and boards helping each other. He doesn't understand everything that P&Z does, but would this amendment be in the loop if BOF had not brought up this point.

K. McDuffie needs an application from the developer and site design before the Special Meeting on Monday. He needs 72 hours to look at it, so he needs this information by Thursday. P&Z cannot say yes before there is a site plan.

T. Pratt had some questions about the value of the land at the Town Garage which is currently used for leaves and brush as part of the transfer station operations. He asked about the Town's plan for brush removal? First Selectman Bielik has spoken with a representative from O&G which borders on the north side of the Town property. The Town has been encroaching on O&G property and the plan is to use this project to formalize and legalize the encroachment and expand the operation of the transfer station. O&G has no immediate plans for this site, which is approximately 5 acres of land. The Town would lease the O&G property and move the brush clearing operation to 2 acres of the O&G property. First Selectman Bielik's preliminary discussion with O&G was positive. The lease from O&G would cost a dollar and would free the 2 acres needed for the solar array at the Town Garage.

M. Bronn asked about work needed to clear the site, and C. Bielik noted the work could be done in house and clearing the brush currently on site would cost approximately \$8,000. There is also a significant pile of old blacktop which needs to be removed from the site.

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

T. Pratt asked about the timing of setting up a lease with O&G, as it is needed as quickly as possible to fast track this. C. Bielik explained that the solar panel plan has been changed to accommodate the transfer station operations with the least amount of disruption and interference.

Maintenance and discharging of the panels is all Jordan Energy's cost. At the end of contract the town can buy the solar panels for \$1 and take on the upkeep or the panels can be removed at no cost to Town.

According to the contract, the administrator can change at any point in time. The contract can be sold, just as a mortgage is sold.

M. Bronn is interested in the mechanics of the arrays. They produce power which goes into the grid – The town's consumption of electricity in 5 municipal buildings WWTP, Town Hall, Town Garage, and Firehouse are credited. Jordan Energy receives ZRec credit for the output which comes from the State of CT. There is a reduction in the Town's energy costs through lower electric bills at a rate which was determined based on the Town's historic consumption of electricity.

J. Huk wants to understand the town's potential costs, but his view is that there is not a lot of money to be gained by this project for the Town or for Jordan Energy with a rate of return at ½ %.

First Selectman Bielik sees value in pursuing renewable energy alternatives, as the project demonstrates that the Town is forward thinking in this regard. The Fuel Cell Energy plant is still a possibility for the town and we are continuing to pursue this project. The solar project puts the Town of Beacon Falls out there as a leader in renewable energy spectrum. J. Huk does not question the integrity or value of renewable energy. His concern is significant financial risk to the Town.

J. Rodorigo believes that due to the uncertainties, the project is gambling with the future. J. Huk noted to K. McDuffie that the risk is on Planning & Zoning now, as BOF has not been included up to this point. K. McDuffie stated he cannot make a decision until he sees an application and site plan.

J. Huk asked First Selectman Bielik to push this type of issue to the Board of Finance – rather than require the BOF to pull the information from his office. He recognizes the tension in the room and wants to hear both sides and all opinions and that require communications from the BOS office. This project demonstrates a breakdown of communication which is not the in the spirit of the relationship between the two Boards.

J. Huk asked K. McDuffie what his main concerns are when making his decision. K. McDuffie is concerned with compliance to regulations, encroachment, safety and well-being of residents and what is in the best interest of the town. J. Huk asked if he considers the cost to the town when making a P&Z decision? In this circumstance since the Board of Finance has not had the opportunity to weigh in, J. Huk asked Planning and Zoning to make sure to consider the financial variable of the project when making their decision in the best interest of the Town.

M. Bronn asked how many acres are being used for the arrays. The response is 2 acres. He asked if the energy produced by this plant is being sold. T. Broesler noted that for the Town the net meter runs backwards and offsets our electricity usage. M. Bronn asked what happens if the arrays overproduce

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

electricity. In that instance, Jordan Energy gets a bigger ZRec credit from the State of CT. The Town's credit is unchanged and the rate is predetermined. This is where the company earns more profit that is not evident on the financial projections. This is where there added profit for the solar project for Jordan Energy.

J. Rodorigo noted that there are better options than this deal. The Town could buy the panels and sell the energy ourselves.

Because the panels are on municipal land, there are no property taxes paid to the Town and the cost of any personal property taxes owed on the panels would be passed back to the town.

First Selectman Bielik encouraged the Board of Finance to put their questions in writing and Jordan Energy will respond to their concerns.

T. Pratt and M. Bronn noted that this is not a town project and this contract does not create a joint venture. Jordan Energy is a private entity doing business on Town property. It is a private company and they should be paying for all their permits and approvals.

J. Rodorigo noted that the contract states if the panels are shut down for any length of time, the Town does not get credits while they are not operating.

J. Huk noted that there will be no contract with O&G in place before Monday. There are outstanding questions and moving forward on Monday may not in the best interests of the Town of Beacon Falls. Jordan Energy has 365 days to build this project, so there are 5 more months. The arrays take 30 days to erect. The clock starts ticking on the ZRec contract so the longer it takes to build, the longer it takes Jordan Energy to begin making money. It is in Jordan Energy's economic interest trying to get the project up and operational as soon as possible.

M.E. Fernandes asked if this matter qualified as a legal matter which is viable for an Executive Session. J. Rodorigo noted that it is a Real Estate matter, which qualifies.

First Selectman Bielik spoke about the status of the Virtual Metering Program which was approved for 20 to 25 points around the state. Jordan Energy and Solar City were the two companies interested in the project in Beacon Falls.

K. McDuffie noted that the City of Derby is extremely happy with their panels, which are on a capped landfill site. C. Bielik stated that sites, such as the top of Blackberry Hill were considered, but as this land is privately held, it is not an option for this program. This property was the best option available to the Town.

First Selectman Chris Bielik left the meeting at 8:21 PM.

**BEACON FALLS BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, NOVEMBER 1, 2016
(Subject to Approval)**

EXECUTIVE SESSION:

J. Huk made a motion to move into Executive Session. M. Bronn seconded the motion. All ayes.

The Board of Finance entered into Executive Session at 8:23 PM for the purpose of discussing the Solar Project on Lopus Road.

The Board of Finance exited Executive Session at 8:50 PM.

The following motions were made based on the discussion in Executive Session.

B. Ploss made a motion requesting that the Board of Finance receive a copy of any agreement for the purchase and/or lease of the property adjacent to the Public Works Garage currently owned by O&G, prior to the execution of the agreement. M. Bronn seconded the motion. All ayes.

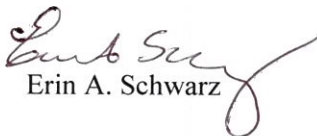
The Board of Finance composed a written recommendation that the Planning and Zoning Commission take no action on this matter until unanswered questions are addressed. The Board of Finance will outline their position on the matter through a letter to Planning and Zoning Commission. The Board of Finance requests that the letter be read publically at the Planning and Zoning Special meeting next Monday night, November 7th.

J. Huk composed and read the attached letter to the Board. **T. Pratt made a motion to accept the language and send the letter to all members of the Planning & Zoning Commission. M. Bronn seconded the motion. All ayes.**

ADJOURNMENT

T. Pratt made a motion to adjourn the meeting at 9:14 PM. M. Bronn seconded the motion. All ayes.

Respectfully submitted,


Erin A. Schwarz



Town of BEACON FALLS *Connecticut*

Board of Finance

November 1, 2016

Members of the Beacon Falls Planning and Zoning Commission:

The Board of Finance respectfully requests you take no action on the project plan outlined in the proposal from Jordan Energy/Green Beacon LLC, keeping in line with your responsibility to make decisions in the best interest of the town. While the Board of Finance disagrees with the position of the Board of Selectmen that it was unnecessary to present this for our review, the fact of the matter is that they have not, and though we have many concerns over the risk and benefits of the partnership, we have no current capacity to influence the final decision. This has ultimately landed on your desk, and as such you should take the following into account when making your decision.

- There is a financial risk to the town should we default on the contract. Examples of this cost are \$557,919 in the 5th year and \$420,023 in the 10th. We would also be responsible for reimbursing Green Beacon LLC for the cost of lost revenue resulting from our default. Events that could trigger such a withdrawal include the regulatory need to expand the wastewater treatment plant, on which land the panels would occupy, or the use of that land for construction staging for any mandated purpose. The long-term plans for potential regionalization of wastewater treatment are far from viability and that risk remains, and there is nothing in writing that indicates otherwise.
 - o The benefit to the town over 25 years is projected to be \$928,735, or an average of \$3,096 per month. This benefit is balanced against the above risk and the loss of use of 2 acres of valuable town property currently being utilized.
- There is no resolution of our relationship with O&G and the land on which we are encroaching, which will add cost to the town for the purchase or lease of that property as well as the relocation of existing materials currently on site.

If your mandate is to represent the best interest of the town, the financials are a variable. While that is normally the responsibility of our Board, we were not afforded that opportunity, so we ask for you to include it in your deliberations.

Thank you in advance for your consideration.

Respectfully,

The Beacon Falls Board of Finance