

Subject: Meeting last night with the tax assessor

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From: Helene & Dan Demmer

To: 'Steve George', 'Lysa Miller', 'John Karlon', 'Jennifer Burney', 'Eileen Schomp', 'Dina Mazzola', 'Chris Nelson', 'Bruce Slater'

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Hi All,

Steve George and I met with the Town of Bolton's Tax Assessor, Harald Scheid, last night, Monday August 30 from 7:30-8:45pm, along with Mr Bing at Bolton's Town Hall. The purpose was an informative meeting.

Harald confirmed that Bolton's residential tax revenue contribution for 2010 was 92% or \$15M, and the industrial/commercial side was 8% or \$1.4M. Property tax is just one of the revenue sources the town has, along with State Aide, Auto Excise, fees/charges/licenses, and minor borrowing, but it is the most stable and largest amount (86% of total Bolton "revenue" are property taxes, based on the worksheet Helene obtained from the FY2011 budget worksheet).

Harald, the assessor, determines the values of the investment grade commercial properties by looking at a net operating income capitalized income stream, meaning they look at the tenant/landlord revenues over time, subtracting out operating expenses and looks at their capitalization rate (what return they should expect given their risks), and costs to borrow. The current economic climate is causing challenges with the risks and difficulties getting money to borrow.

Given this, I posed the question on how much risk does Bolton have to its already low commercial tax revenue stream based on our high commercial vacancy rate. The issue is being analyzed right now by Harald's office - between Future Electronics wanting an abatement based on it's continued multi-year vacancy and Verizon disputing the value of its property, there is risk that Bolton may have to reach an agreement with these businesses for abatements. If that is the case, the residential tax payers will definitely feel this burden, even though Harald does have an "emergency" fund for these items but may be a question of the amount.

**Even more incentive to understand how we can help Bolton fill its empty space.

Talked about non-profit businesses (i.e. an assisted living Jennifer mentioned a few weeks back) and Harald believes they are exempt from Federal Taxes but not from a property tax obligation. Mr Bing pointed out that Assisted Living's place a high demand on emergency services within a town (i.e. people falling within the assisted livings require frequent Ambulance calls, etc) regardless of whether or not they pay property taxes.

Looking at Bolton's commitments to projects, Harald gave us the Fiscal 2010 Tax Levy Limitation for Bolton which showed at out of our \$16.4M collected in taxes, \$2.1M was associated with our borrowing for our multiple projects funded by the Town of Bolton.

Hope this helps.

Helene