

Town of Preston  
**Norwich Hospital Advisory Committee**  
Saturday, February 9<sup>th</sup>, 2008  
4:00 p.m.

1. **Chairman Sinko called the meeting to order at 4:01 p.m.**

2. **Roll Call**

Joseph Biber  
Michael Sinko  
Roy Beauregard  
Kent Borner  
Dan Kulesza

Robert Congdon  
Sandy Ewing  
Merrill Gerber  
Gerald Grabarek (arrived 4:06)  
**Also present:**  
Kathleen Nichols (Recorder)

3. **Agenda**

Work Session to review & discuss financial issues with respect to the development of the Norwich Hospital property.

**Discussion:**

Chairman Sinko addressed the Committee stating they were in attendance to review and discuss financial issues regarding the cost and revenue proposed by the developers.

Several of the Committee members had created spreadsheets in an effort to understand the complex issues at hand.

K. Borner provided the Committee with a spreadsheet showing the guaranteed construction for a five-year period. It was recommended by K. Borner to start with the revenue side and work together in coming to agreement of the numbers for the first five-year period.

B. Congdon asked K. Borner if he was looking at both developers from transfer to the completion of phase I.

K. Borner noted that he was looking at the transfer to the completion of the guaranteed phase I.

B. Congdon noted the differences between the two developers and what they are guaranteeing to the Town.

Renova guarantees approximately \$350,000,000.00 dollars in taxes broken down into several components:

- golf course
- retail
- housing
- offices

Renova is also agreeing to pay full applicable taxes to what the development is.

B. Congdon asked if there was agreement from the committee regarding this. It was noted that the committee was in agreement.

B. Congdon noted that Northland has similar components:

- golf course
- retail
- hotel
- 25,000 square feet retail

Northland will pay \$1.50 per square foot for all commercial development indexed for inflation and will pay normal applicable taxes on the housing on the sale of the home. B. Congdon noted that Northland guarantees to pay taxes based on the cost of the house, times 70%, times the applicable mill rate. If the house is not built and the final phasing schedule comes, the town will be able to hold Northland accountable for the number of houses that have not been built and Northland would owe for the cost of building the house times 70% times the mill rate.

B. Congdon's understanding is Northland will retain ownership of the land for 15 years. B. Congdon spoke with two appraisers and Buckley Appraisal Service and asked them a hypothetical question regarding building a golf course, building houses around the course and then selling the homes. The question he asked was what are the houses taxed at. The answer he received from the appraiser is you take the amount of the sale of the home, times 70% and apply applicable tax rate and that is what the town would receive taxes on. There would be two tax bills, one for the value of the house that the property owner would receive and one for the value of the land that the golf course owner would receive. The homeowner pays a fee to be on the land around the golf course and the golf course owner will pay the taxes. It appears that the committee has been under the assumption that the houses would be sold and taxed at the sale price; however, the town will receive taxes on the value of the house and will not receive any taxes on the land for 15 years.

S. Ewing asked if the Town would receive taxes on the construction cost of the golf course and the club house. It was noted that the town would receive a \$1.50 per square foot for the clubhouse only, indexed for inflation for the first fifteen years.

K. Borner spent some time explaining to the committee the spreadsheet that he had created. It was noted that approx. 1/3 of the taxes collected by the town is for the land for residential taxes. The assessment is taxed differently when land is in agricultural use.

After much discussion regarding the tax packages, the committee determined and agreed it is in the best interest of the town and development process to request that the town attorney provide a recommendation of a professional to look at the assessment tax numbers and provide a professional opinion to the Committee. The Committee would like the professional to attend the next NHAC meeting of February 13, 2008.

A motion was made by S. Ewing, seconded by R. Beauregard to adjourn the meeting at 5:50 p.m. So Voted.

Respectfully submitted,

Kathleen Nichols  
Recorder