

**BOARD OF ALDERMEN  
SPECIAL MEETING  
JUNE 28, 2010**

The Board of Aldermen of the City of Milford held a Special Meeting on Monday, June 28, 2010 in the aldermanic chambers of City Hall. Chairman G. Smith called the meeting to order at 7:07 p.m. asking those present to join rise for the reciting the Pledge of Allegiance and remain standing for a moment of silence for our men and women serving in the armed services and their families.

1. Roll Call

Board Members Present

B. Bevan  
B. Bier  
B. Blake  
D. German  
F. Goodrich  
M. Hardiman  
B. Joy, Jr.  
J. Patterson  
G. Smith  
P. Smith  
P. Staneski  
N. Veccharelli  
P. Vetro  
R. Vitali

Also Present

Mayor J. Richetelli, Jr.  
L. Bull DiLullo, Mayor's Admin Asst.  
W. Smith, City Attorney  
L. Stock, City Clerk

Excused

A. Giannattasio

Mayor Richetelli stated he wished to take this opportunity to introduce the new Assistant City Attorney to the Board. He stated in their search for a candidate they received 72 applicants that were reduced to a field of 11. He stated the panel (J. Martelon, C. Gonillo, M. Moore, L. Hurwitz) screened those 11 applicants and recommended 4 to the Mayor for consideration. Mayor Richetelli stated Attorney Debra Kelly emerged from the field and that he was delighted to have her on Board.

2. Ald. P. Smith and Ald. Vetro made and seconded a motion to approve the request for an emergency post-facto waiver of bid to New England fire Equipment & Apparatus Corporation, North haven, CT (sole source vendor) for emergency repairs to Tower 1 in an amount not to exceed \$20,000 (per memo from Battalion Chief W. Healey). Motion carried unanimously.

3. Budget Memo Transfers

(a) Ald. P. Smith and Ald. Goodrich made and seconded a motion to approve Consideration of Budget Memo Transfer No. 15, Fund 10, FY 2009-2010.

Ald. Veccharelli asked about regular wages.

Mayor Richetelli stated the regular wages were for the seasonal temporary help, which monies are transferred in the next transfer. He explained there was an interim director in DPLU as well as a seasonal temporary secretary. He stated the monies in the regular wages were from the Zoning Enforcement Officer position, which was vacated in November last year and that they held off hiring for that position. He stated the wages from that position are being transferred to this account to cover the interim director and part time secretary.

Ald. Veccharelli asked if they were going to hire for the Zoning Enforcement Officer position or at least post an ad.

Mayor Richetelli responded that process has taken place. He explained they advertised for the position and then tested for the position. He stated the position will be filled on July 6, 2010 by Kathy Kutcha. He reported she has been training in that position and that they are looking forward to working with Mrs. Kutcha.

Motion carried unanimously.

(b) Ald. P. Smith and Ald. Patterson made and seconded a motion to approve Consideration of Budget Memo Transfer No. 16, Fund 10, FY 2009-2010. Motion carried unanimously.

4. Ald. P. Smith and Ald. Hardiman made and seconded a motion to approve the request for Property Tax Payment Agreement between the City of Milford and GenConn Devon LLC and to authorize the Mayor to sign said Agreement and take all other steps necessary to effectuate said Agreement.

Mayor Richetelli noted the agreement the aldermen received in their packages has two minor changes on pages 2 and 4 and that those changes were incorporated into the new handout. He went on to give an overview of the agreement with NRG/Devon Power and the United Illuminating Company who came together to form 4 new units. He stated the agreement is a 30 year agreement with level payments. He continued with a lengthy explanation, noting the agreement, which includes re-open clauses is a culmination of two years of discussions. He stated the agreement has been vetted through the City Assessor as well as various city consultants. He also welcomed GenConn and numerous other consultants present tonight who worked on agreement as a collaborative effort. Mayor Richetelli stated the agreement is a good partnership for the City of Milford and its residents.

Ald. Joy asked if the agreement represents all the taxes GenConn will pay or if it targets new facilities.

Mayor Richetelli stated this is the GenConn plant, including new generating units, but that other plants are not part of this agreement.

Mr. D. Thomas, City Assessor, added the agreement specifically applies to new equipment which would be taken into consideration.

Ald. Joy asked where the taxes actually come from, equipment or buildings, or both.

Mr. Thomas explained 50% is real property and the balance is personal property.

Ald. Blake referred to Section 12 (Limitation of Audits, Inspection of Records and Declarations) of the Agreement and questioned how they would know if there is new equipment if they are not allowed to confirm through an audit.

Mr. Thomas referred Ald. Blake to the last sentence of that paragraph.

Ald. Blake stated his question was how they would verify the veracity of this absent the ability to conduct an audit.

Mr. Thomas stated he believes all parties are obligated to abide by this Agreement and that he would take their word for it.

Ald. Bier asked if this agreement is for the last four plants that were built.

Mr. Thomas responded yes.

Ald. Veccharelli expressed concern with the same payment for 30 years. He stated a lot can happen year to year. He asked how the amortization of payment was arrived at.

Mayor Richetelli responded it was 1997 when Devon Power started building. He stated in the first year in Milford they paid \$8,000,000 in taxes. He stated it is important to keep in mind that equipment depreciates. Mayor Richetelli deferred to Mr. Thomas for an explanation of the process.

Mr. Thomas explained the calculation of the tax. He stated they came up with the value based on the best estimate of market value and the total tax obligation from DPUC.

Ald. Veccharelli commented in the last year of this proposed Agreement they will have depreciated in their worth by 65%.

Mr. Thomas stated that is a close ballpark figure.

Ald. Veccharelli commented 30 years is a long time. He asked why not a 10 year agreement.

Mr. Thomas explained the income stream is tied to a 30 year agreement with DPUC.

Ald. Veccharelli asked if all parties were happy with the Agreement.

Mayor Richetelli reiterated they have been working on this Agreement for two years. He stated the bulk of it was the value and that he would not have recommended it if it were not good for Milford and its citizens. He stated it represents a fair amount GenConn will pay to the City.

Chairman G. Smith spoke of the benefits to both GenConn and Milford to have stability. He stated it is a huge boom to the taxpayers of Milford and will be terrific in the budgeting process.

S. Cinoski (GenConn) stated they are very happy with the agreement and in support of it.

D. Riccardi, Director of Taxes and Finances, United Illuminating commented the Agreement is a benefit for Milford and GenConn.

Ald. Staneski asked the rate of depreciation.

Mr. Cinoski responded there just is not a cut and dry answer with a figure attached.

Mr. Riccardi stated they would equate it to a rate of about 3% each year.

Ald. Vitali questioned the wording in the last sentence of Section 12 and asked why it says there is a limitation of audits, inspections, declarations.

Mr. Cinoski explained it is one less declaration they have to have. He stated the City has the ability to check their website at any time and check their capacity.

Mr. Riccardi added the Agreement provides for “re-openers” throughout the document.

Attorney B. Bernblum, Wiggin & Dana explained the tax obligations for personal property declarations.

Ald. Joy asked if the last agreement with the City was similar to this one.

Mr. Cinoski responded the last agreement was with Devon Power, LLC, which was in February or March of this year.

Ald. Joy asked if their company has done similar agreements in other cities in Connecticut.

Mr. Cinoski replied yes, in Middletown in 2009.

Ald. Joy asked if it is a 30 year agreement.

Mr. Cinoski responded yes.

Ald. Joy asked how many generators.

Mr. Cinoski responded 4.

Ald. Blake asked about oversight. He stated Section 12 limits the City’s ability to conduct an audit. He asked what ability the City has to conduct an oversight. Ald. Blake also asked what would happen if the City decided not to enter into this agreement and what the taxes to the City of Milford would be. He also asked if the Middletown facility is the same facility that had the incident back in February.

Mayor Richetelli stated the Middletown facility is not the same one that had the unfortunate incident earlier this year. He stated the budget just passed by this Board included a certain portion of construction. He explained the plant when fully completed would go on the October 2010 payment. He estimated taxes to be about \$3,200,000.

Ms. J. Lagano stated she is the Asset Manager as well as an officer to GenConn. She stated transparent means in which the City could monitor. He provided an explanation as to how they are required to test out their capacity and report that to the system operator. She stated they also report values to the ISO.

Ald. Blake commented he has concerns with a 30 year agreement. He stated he was looking for assurances as to long term solvency of GenConn.

Ms. Lagano stated the tax agreement contemplates payment to the City with the first payment being due promptly. She explained this is unique in that it is backed by a 30 year contract. She explained the intent is to marry up the tax contract with the facility.

Mayor Richetelli added there are different benefits at different times. He pointed out they spent a great deal of time with the recapture.

Ald. P. Smith commented she toured the facility and thanked those individuals who made themselves available for the tour. She stated it is a great facility and that she appreciated the time they took.

Ald. D. German asked about the dual fuel system and what makes that determination.

Ms. Lagano stated they have a state of the art emissions system. She stated cost is one of the determinations, with reliability being the other. She stated there are numerous things to consider for fuel of choice.

Ald. Bevan asked who represented the Milford team who negotiated this contract.

Mayor Richetelli stated the bulk was done by the City Assessor, Dan Thomas, who he publically thanked. He stated the balance of the team included, who he also wished to thank, was the Finance Director, Judy Doneiko, City Attorney, Win Smith, John O'Connell, his former Administrative Assistant, Lisa Bull DiLullo, his current Administrative Assistant, Matthew B. Woods, Trial Counsel for the City and outside counsel, Robinson & Cole and Glen Walker, an expert appraiser in power plants.

Ald. Veccharelli requested a 5-minute recess.

The Board recessed at 7:57 p.m. Chairman G. Smith reconvened the Board in public session at 8:07 p.m.

Motion carried unanimously.

Being no further business to discuss, Ald. Patterson and Ald. Goodrich made and seconded a motion to adjourn at 8:08 p.m. Motion carried unanimously.

Respectfully submitted,

Kathleen K. Huber  
Recording Secretary