

## MEMORANDUM

October 20, 2015

To: East Montpelier Selectboard  
From: Gene Troia  
Chair, Capital Improvement Committee  
Subject: **Recommendation for Financing Winston/Silberberg Property Acquisition**

At its October 7, 2015 meeting, the Capital Improvement Committee evaluated several options for financing the purchase of the Winston/Silberberg property. Based on this evaluation (discussed further below), **we recommend that the property acquisition costs be paid from the Capital Reserve Fund, with replacement of those funds over five years by increasing the Yearly Planning Budget contribution by \$48,000. This would result in a 1.618-cent impact in the tax rate.**


### Financing Options Evaluated

- Self-financing with 1-year recovery (i.e., borrowing from the Capital Reserve Fund and repaying the borrowed amount in 1 year with zero interest);
- Self-financing with 3-year recovery;
- Self-financing with 5-year recovery;
- Commercial financing at 3.25% with level principal payments plus interest over 15 years;
- Commercial financing at 3.25% with level annual payments over 15 years.

### Evaluation Criteria

- Total cost (principal plus interest) to the town;
- Effect on the tax rate;
- Maintaining the integrity of the Capital Plan and Budget.

Self-financing with 5-year recovery appears to be the “sweet spot” in minimizing total costs, minimizing the effect on the tax rate, and keeping the Capital Plan and Budget on track. Please see the attached Executive Summary spreadsheet (10/8/15) to see how this recommendation affects the Capital Plan and Budget.

 10/20/15

Eugene Troia Chair

Attachment