

COMMONWEALTH OF MASSACHUSETTS  
APPEALS COURT

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TOWN OF HOPEDALE,	)	
	)	
Plaintiff,	)	
	)	
v.	)	SINGLE JUSTICE
	)	NO. 2022-J-0146
JON DELLI PRISCOLI and MICHAEL R.	)	LAND COURT
MILANOKSI, as Trustees of the ONE	)	NO. 20 MISC 000467 (DRR)
HUNDRED FORTY REALTY TRUST, and)	)	
GRAFTON & UPTON RAILROAD	)	
COMPANY,	)	
	)	
Defendant.	)	

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**AFFIDAVIT OF CHRISTOPHER P. HODGENS, JR.**

Now comes Christopher P. Hodgens, Jr., who on oath deposes and says as follows:

1. My name is Christopher P. Hodgens, Jr. I am the Chair of the Town of Hopedale's Finance Committee. ("FinComm"). I submit this Affidavit in support of the Hopedale Citizens' Emergency Motion to Preserve Status Quo and Protect the Forestland Pending Land Court Appeal. For the reasons set forth below, acquisition and development by the Grafton & Upton Railroad ("Railroad") of the c. 61 Forestland that is at issue in this case would cause irreparable harm to the Town of Hopedale and its residents.

2. In 2020, the Select Board asked for input from Town boards and committees regarding acquisition of the 130 acres of c. 61 forestland (“Forestland”) and 25 acres of wetlands (“Wetlands”) at 364 West Street, Hopedale, on behalf of the Town of Hopedale.

3. The FinComm examined the financial impact of acquiring, or not acquiring, the Forestland and Wetlands.

4. Under Section 79-3 of the Town’s Bylaws, the FinComm “shall consider all Articles and Warrants for all Town Meetings and Referenda and shall report its recommendations before each meeting or vote in print or at a public meeting for that purpose.” Pursuant to Section 79-3, the FinComm prepared a report on the proposed acquisition of the c. 61 Forestland by the Town under M.G.L. c. 61 in connection with the October 24, 2020 Special Town Meeting. A copy of the report, entitled “Due Diligence for the Right of First Refusal,” is attached hereto as **Exhibit 1** (“Due Diligence Report”).

5. In the Due Diligence Report, the FinComm considered several key considerations, including: 1. Potential Localized Impact on Property Tax Revenue; 2. Favorable Interest Rate/Borrowing Environment; 3. Acquisition of approximately 5% of Hopedale’s Total Land Mass and Water Resources; and 4. Funding Sources.

6. With respect to the third factor, the FinComm concluded that acquisition of the property in question would allow Hopedale to gain control over approximately 5% of the total land mass and water resources of the town, and that this factor weighed heavily in favor of acquiring the property. We stated: “This asset would provide the town with the necessary control over sensitive environmental regions. Additionally, the town could determine the destiny of future development.” Report at 1. As explained in the body of the Report, Hopedale is a very small town with a total area of 5.3 square miles. The property in question represents a significant portion of the town, and is undeveloped. Hopedale has experienced yearly water shortages and required bans on consumption. Further industrial development of such a large portion of the total land mass and water resources of the Town could exacerbate these shortages and bans and cause significant cost increases for provision of water. Report at 11.

7. With respect to the fourth factor, it was very significant to the FinComm that much of the yearly cost of bonding the \$1,175,000 purchase price for the Property might be funded by a gift by a private donor, the Hopedale Foundation. Report at 17. By letter dated August 26, 2020 to the Hopedale Select Board, the Hopedale Foundation had indicated interest in assisting Hopedale in acquiring the property.

8. By letter dated October 17, 2020, the Hopedale Foundation informed the Select Board, the Hopedale Board of Water & Sewer Commissioners (“WS Board”), and the FinComm that, in order to reduce the financial burden to the Town of purchasing the 130 acres of c. 61 land and 25 acres of adjacent wetlands (“Wetlands”), it had voted to grant the Town, after purchase of the land, the sum of \$750,000 to be paid in increments of \$50,000 per year for a period of fifteen years. A copy of this letter is attached hereto as **Exhibit 2**. The grant amount, along with additional funds committed by another anonymous donor, would be sufficient to cover essentially all of the debt service required to purchase the 130 acres of Forestland and 25 acres of Wetlands and to cover legal fees associated with the defense of the acquisition.

9. Based in part on this generous offer of financial assistance, as well as the favorable recommendations of the FinComm, the Hopedale Conservation Commission, and the WS Board, the residents of the Town voted unanimously to acquire the entire 130 acres at the October 24, 2020 Town Meeting.

10. In early February 2021, the FinComm became aware of a Settlement Agreement that was to be executed by the Select Board on behalf of the Town along with the Railroad, under which the Town would acquire only 40 acres of the Forestland from the Railroad for a purchase price of \$587,500, plus rollback taxes owed by the Railroad under c. 61.

11. The Select Board never communicated any request to the FinComm for a due diligence review of the proposed Settlement Agreement.

12. The FinComm immediately questioned, among other things, whether the Hopedale Foundation would continue to fund the purchase price for less than one-third of the Forestland, as well as the impacts of development of the remaining 90 acres by the Railroad.

13. By letter dated February 24, 2021, the Hopedale Foundation informed the Select Board, the WS Board, and the FinComm that it was aware that circumstances had changed but that its original vote to provide financial assistance to the Town to acquire 155 acres of land at a certain price still stood. However, the Foundation made clear that if the changed circumstances remained at the time of purchase—that is, if only 40 acres of Forestland would be acquired—it would have to revisit its vote. In other words, the Foundation declined to commit to providing any financial assistance for the reduced purchase provided for in the Settlement Agreement. A copy of this letter is attached hereto as **Exhibit 3**.

14. On March 26, 2022, the Town held a Special Town Meeting. Warrant Article 8 by the Select Board sought to ratify the acquisition of the 40 acres of Forestland provided under the Settlement Agreement. I attended the Special Town Meeting and reported the FinComm's recommendation against Article 8. As I explained at the Town Meeting, the FinComm has devoted almost

two years of committee time to the issue of acquisition of the Forestland. Since August 2020, the Hopedale Foundation has put its offer of financial assistance on hold, due to the proposed acquisition of only a small portion of the Forestland. The second private donor, who had offered to commit additional funds, both for purchase of the entire 130 acres as well as for costs of legal defense of that purchase, has backed out, again due to the severe downsizing of the acquisition. In addition, the FinComm noted that the current proposed purchase price to be paid by the Town included some \$260,000 of rollback taxes which, under c. 61, should be funded by the property owner, not the Town, and that this represented improper special treatment for one private property owner. Ultimately, the FinComm concurred with compelling arguments made by the WS Board and ConComm at a recent joint meeting regarding the importance of protecting the entirety of the Forestlands for the future of the Town.

/s/ Christopher P. Hodgens, Jr.

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Christopher P. Hodgens, Jr.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the above document was served upon the attorney of record for each other party by efile and email on April 7, 2022.

/s/ Harley C. Racer  
Harley C. Racer

# **Exhibit 1**



# Town of Hopedale

Finance Committee

*Due Diligence for the Right of First Refusal*



*Respectfully submitted to the Board of Selectmen, Town Meeting, and Residents of  
Hopedale*

## **EXECUTIVE SUMMARY**

Through our consideration of the relevant financial information contained herein, the Finance Committee concludes that Hopedale should exercise its right to purchase the 155 acres of land -- situated at 364 West Street -- under Chapter 61, Section 8 of the Massachusetts General Laws ("MGL"). We have included the key considerations used in determining a favorable recommendation to acquire the property, as well as the potential funding sources below:

### **1. Potential Localized Impact on Property Tax Revenue**

*Our analysis shows that failure to exercise the right to purchase will have an unfavorable net impact on (localized) property values (and thus, tax revenues/receipts).*

### **2. Favorable Interest Rate/Borrowing Environment**

*We conclude that our outstanding debt obligations are manageable for continued borrowing. Further, the Federal Reserve has created a low interest rate environment for borrowers -- resulting in a likely low cost of borrowing.*

### **3. Acquisition of approximately 5% of Hopedale's Total Land Mass and Water Resources**

*The acquisition of the property in question would allow Hopedale to gain control over approximately 5% of the total land mass and water resources of the town. This asset would provide the town with the necessary control over sensitive environmental regions. Additionally, the town could determine the destiny of future development.*

### **4. Funding Sources**

*Hopedale has several options when it comes to funding the acquisition of the subject property. These options include: utilization of free cash, municipal bond issuance, debt exclusion, and grant funding.*

It is important to note that the considerations herein are generally of a financial nature. We understand that there are additional necessary considerations regarding environmental and water access issues. The focus of this report, however, is on Hopedale's financial future and the feasibility of purchasing the land at 364 West Street under MGL Ch. 61, S. 8, and the potential financial impact of the Grafton & Upton Railroad's ("GURR") intention to expand operations.

These issues are within the Finance Committee's broad purview,<sup>1</sup> and it is our responsibility to provide the Board of Selectmen ("BoS") -- and residents -- with the necessary information needed to achieve the most favorable outcome for the Town of Hopedale. Beyond the clear mandate from the General Laws and the Hopedale By-Laws, the BoS has requested municipal boards and committees for input on the feasibility of purchasing the subject property.

## **I. POTENTIAL LOCALIZED IMPACT ON PROPERTY TAX REVENUE**

### *Present Tax Revenue*

The subject property comprises 155.240 acres of forested lands and is currently assessed at \$459,258 (less than \$3,000 per acre). Annual tax revenue for fiscal year 2020 was \$12,919.

Under Chapter 61 of the Massachusetts General Laws, the property is enrolled in the Massachusetts Forest Stewardship Program. The program gives landowners preferential tax treatment to maintain their property as a forest. The Commonwealth of Massachusetts operates the program and helps property owners to develop land management plans that may include protection of wildlife, aesthetics, and recreation. Land values are set by the state Farm Land Advisory Committee. Valuations are low and based on the current use of the property (i.e., the productive potential of land for growing trees), not the higher fair market value or development value of the land. Thus, tax assessments and municipal tax revenues are low in order to assist the owner in maintaining the land as open space. In exchange for favorable tax treatment by the municipality and a corresponding loss of tax revenue over an extended period of time, a right of first refusal to purchase the land is provided to a municipality should the owner decide to sell. The owner of the subject property has indicated an intent to sell, and Hopedale now has the exclusive right to purchase the land if it so chooses. The current owners are selling the property for \$1,175,000.

### *Potential Benefits of Expanded Freight Rail Activity/Acquisitions*

The GURR has expressed a strong interest in purchasing the land in order to expand railroad operations. According to the Corporations Division of the Massachusetts Secretary of the Commonwealth, the GURR is a domestic profit corporation organized for "railroad operations" with its principal office located at 7 Eda Avenue in Carver, Massachusetts. In 2009, the GURR merged with Torco, Inc., (a Maine corporation).

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<sup>1</sup> MGL Ch. 39 § 16 (finance committee "shall consider any or all municipal questions for the purpose of making reports or recommendations to the town"); Chapter 79 §3 of the Town Bylaws, MGL Ch. 39 §16.

There are 2 key considerations when assessing the potential impact of expanded freight railroad activity. First, we considered the potential benefits of expanding railroad activity and the resulting increase in industrial tax revenues. Second, we considered the net impact of increased rail activity on the surrounding residential property values. These two factors are further evaluated below.

It is important to consider the potential benefits/opportunity cost associated with either development by the GURR or “lost” revenues if the land is acquired by Hopedale. The GURR has used its recent acquisition of 1 Fitzgerald Drive as a benchmark for the potential revenues generated by development of the land in question. The GURR purchased the Fitzgerald Drive property (approximately 15.2 acres) on November 26, 2019 -- for a consideration of \$1,922,001.<sup>2</sup> The estimated tax revenues that the GURR would pay on this property -- based on the revenues generated in FY2020 -- would be approximately \$64,167 per year. This estimate is based on three unverified assumptions: (1) Hopedale will continue its two-tiered tax rate; (2) the GURR will not expand its rail footprint; and (3) the GURR will not seek a tax exemption.

Hopedale presently uses a two-tiered tax rate for residential and commercial/industrial properties. Hopedale is fully within its right to consider enacting a “tri-tiered” tax rate -- creating distinct rates for commercial and industrial property.<sup>3</sup> An enhanced industrial tax rate could have the near-term impact of raising industrial tax revenues, as well as, curtailing exponential growth of industrial use. As the potential development of the land at 364 West Street is relatively unknown and the tax policy has not yet been ascertained, we believe that the historical pre-GURR revenues generated by the property at 1 Fitzgerald Drive could provide a suitable benchmark for future revenue; however, many unknowns remain as to the GURR’s ability to increase their tax exemption.

We also note that railroad taxation is intrinsically complex. Land owned by a railroad within “five rods in width [of rail(s)], taken or purchased for railroad, depot or station purposes” is **exempt from municipal taxation.**<sup>4</sup> Five “rods” is approximately 83 feet. Said another way, the railroad “right of way” (i.e. rail beds) are exempt from taxation, as well as, 83 feet of the surrounding land. Notably, the GURR has proposed “plans to add five tracks on either side of the existing track, capable of holding up to 200 rail cars, and at least one building.”<sup>5</sup> Thus, unlike other property tax payers, the GURR can unilaterally decrease the amount of property taxes paid

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<sup>2</sup> Per the Worcester County Registry of Deeds

<sup>3</sup> <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter59/Section2A>

<sup>4</sup> <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter160/Section87>

<sup>5</sup>

<https://www.telegram.com/news/20190813/grafon-amp-upton-railroad-releases-additional-plans-for-proposed-land-take-in-hopedale>

by increasing the size of its tax exempt property. While the building and surrounding land (outside of the 5 rods of exempt property) could be taxable, the “rail yard” as proposed -- as a portion of the potential development -- would not provide any tax benefit (i.e., \$0 in real estate tax revenue) to Hopedale. Based on the unique property tax status enjoyed by the GURR, we caution against relying too heavily on projected tax revenues using newly-acquired 1 Fitzgerald Drive as a basis.

Additionally, the GURR has stated that the “benefits of freight rail include . . . highway traffic congestion and road wear reduction.”<sup>6</sup> This is largely true when considering logistics within the Commonwealth in total; however, we would expect a significant increase in truck traffic and wear on Hopedale roads due to the transloading operations at both 1 Fitzgerald Drive and 364 West Street. While rail activity may reduce truck traffic in Hopkinton, for example, it would logically be greatly increased in Hopedale. Furthermore, the GURR is a class III “short line” railroad (as defined by the Surface Transportation Board) operating on only 16.5 miles of track -- the 3rd smallest privately-held railroad (by active track miles) entirely within the territorial borders of Massachusetts.<sup>7</sup> Freight rail does reduce greenhouse gas emissions<sup>8</sup> in total; however, “there are also localized air quality impacts near rail lines and rail yards, as most rail travel in Massachusetts is through the use of fossil fuels.”<sup>9</sup>

The prospect of enhanced tax revenues from the subject property is also deceptive and may easily distort a financial analysis. The GURR posits a false choice — railroad purchase will create tax revenue while municipal purchase will not. This reasoning is faulty for at least two reasons. First, the GURR does not bring any special revenue stream to the table. ANY sale of the property to ANY private party will necessarily result in higher revenues precisely because the current assessments are artificially low due to the Forest Stewardship Program. Second, purchase by the town does not preclude future tax revenue. Once owning the property, Hopedale can decide on future sales to private parties and open new streams of tax revenue while safeguarding natural resources.

Because most of the future revenues/costs remain speculative with respect to rail expansion, we recommend that Hopedale refrain from waiving its significant purchase rights based solely upon undocumented and untested potential revenue streams.

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<https://www.milforddailynews.com/news/20190812/grafon-amp-upton-railroad-releases-additional-plans-for-proposed-land-take-in-hopedale>

<sup>7</sup> [https://www.mass.gov/files/documents/2018/01/26/2018PubComm\\_1.pdf](https://www.mass.gov/files/documents/2018/01/26/2018PubComm_1.pdf)

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<https://www.milforddailynews.com/news/20190812/grafon-amp-upton-railroad-releases-additional-plans-for-proposed-land-take-in-hopedale>

<sup>9</sup> [https://www.mass.gov/files/documents/2018/01/26/2018PubComm\\_1.pdf](https://www.mass.gov/files/documents/2018/01/26/2018PubComm_1.pdf)

*Potential Net Impact of Freight Rail Expansion on Surrounding Property Values*

While there may be potential benefits to continued railroad expansion and development (as with all development), there are also many risks associated with such expansion. When considering the potential financial impact of the GURR expanding freight rail service, it is important to refrain from evaluating potential impacts in isolation. For instance, there will be an impact to the land in question (potentially positive in a financial sense), as well as an impact to property values/assessments along the increasingly active tracks throughout the town (potentially negative).

In fact, some studies have shown that increasing “freight trip counts showed a negative and statistically significant impact on the sale price of smaller houses, and some larger houses, for each additional daily freight train trip.”<sup>10</sup> It is entirely possible that increased rail activity (traffic and laying of new track) could result in a decrease in surrounding property assessments of 5-7%.<sup>11</sup> If we were to take (1) the median home value of a single family home in Hopedale (\$359,884 in August 2020)<sup>12</sup> as a marker of assessed value, (2) use the number of approximate homes within the 750 foot radius of active tracks, (3) factor in a 6% decrease in assessed values due to an increase in rail activity, and (4) use the FY2020 residential tax rate, we can approximate the potential loss in Hopedale revenue (formula included below).

$$\begin{aligned} & \text{Median Home Values} \\ & \times \\ & \text{\# of Homes within 750 ft of Active Track} \\ & \times \\ & (1 - .06) \text{ Decrease in Value} \\ & \times \\ & \underline{\text{Effective FY2020 Residential Tax Rate}} \\ & = \\ & \text{Estimated Impact} \end{aligned}$$

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<sup>10</sup>

<http://www.coaltrainfacts.org/docs/The-effect-of-freight-railroad-tracks-and-train-activity-on-residential-property-values.pdf>

<sup>11</sup>

<http://www.coaltrainfacts.org/docs/The-effect-of-freight-railroad-tracks-and-train-activity-on-residential-property-values.pdf>

<sup>12</sup> <https://www.zillow.com/hopedale-ma/home-values/>



Using the assessor's map (above)<sup>13</sup> there are approximately 350 residential properties within the 750 foot radius of active railroad tracks within the town. A 6% decrease in home values (using the approximate 350 properties) would have a net negative impact on tax revenues of approximately \$130,000 over the longer term.

An argument may be made that the decrease in property values has already been “baked in” to the formula because the railroad has been in existence since the 1800's. While this argument has some appeal on the surface, it does not stand up to close scrutiny. The GURR in Hopedale has been essentially defunct for more than a generation. The existing rail beds throughout the residential portions of town have ostensibly functioned as overgrown walking trails up until fairly recently -- with the laying of new tracks and the replacement of long-abandoned grade crossings. Commonsense suggests that residential property values will certainly face a negative impact from the conversion of a railroad that exists essentially on paper into an active freight hauling line through neighborhoods.

Even if one were to accept the proposition that property values already reflect railroad proximity, Hopedale would still “lose out” on future growth in the years to come. Depressed home values -- for any reason -- do not benefit Hopedale in the long-term. While it is true that in the near-term Hopedale could simply raise the tax rate to recoup the lost values (and resulting tax revenues/receipts), this measure would lead to further inequities in the rate setting -- as homes/residents nowhere near the railroad activity would have to contribute more each year to “make up” for the losses in values/receipts near the tracks. Furthermore, all towns in the Commonwealth are capped at a \$25/thousand tax rate -- so continuously raising tax rates to make

<sup>13</sup> [http://maps.massgis.state.ma.us/map\\_01/hopedale.php](http://maps.massgis.state.ma.us/map_01/hopedale.php)

up for declining property values (without new growth to the tax levy limit/ceiling) would not be a sound long-term policy. Again, this example is used for illustrative purposes only. In order to arrive at a more precise estimate, a thorough analysis would be needed. Still, this illustrative example shows how an increase in freight rail activity -- as a result of the GURR's development of 364 West Street and other owned areas -- would likely have a detrimental effect on surrounding property values and residential tax revenues. We are unaware of any instance where a freight rail actually increases adjacent residential property values.

Given our considerations of the potential impact of increased freight rail activity on residential property tax revenues, we do not believe that such increased activity would result in a net benefit to Hopedale over the long-term.

## **II. FAVORABLE INTEREST RATE/BORROWING ENVIRONMENT**

### *Favorable Decrease in Interest Rates*

Recent economic headwinds created by the Covid-19 pandemic have resulted in repeated decreases in the Federal Funds Rate set by the Federal Reserve.<sup>14</sup> As a result, the interest rates for municipal bond issues have correspondingly decreased.

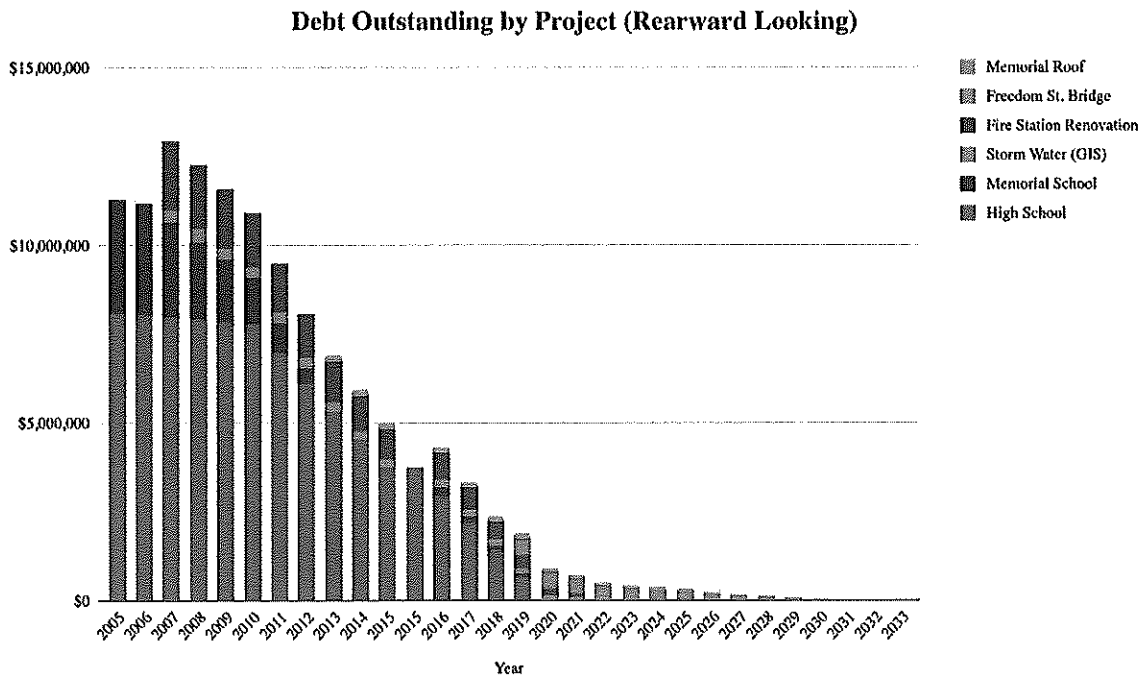
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<sup>14</sup> <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>



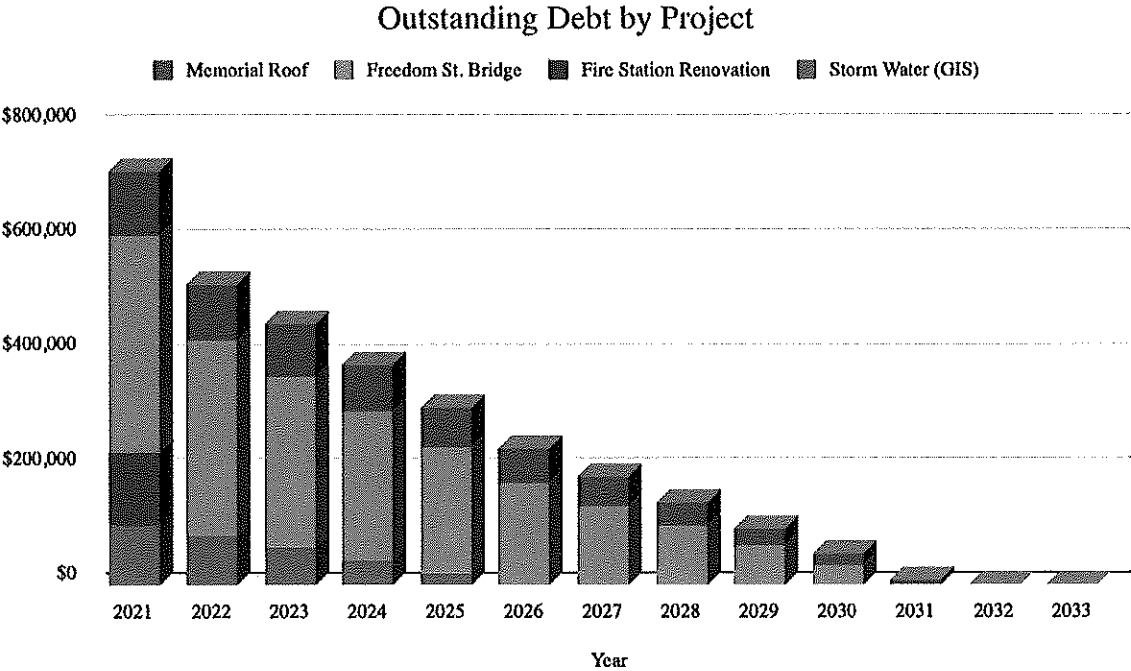
*Favorable Decrease in the Town's Outstanding Debt Obligations<sup>15</sup>*

Over the last decade (2010 - 2020), Hopedale has worked diligently to decrease its outstanding debt obligations. This effort is best evidenced by the consistent decline in outstanding debt balances over the past decade (as seen in the below chart). Hopedale also has significant borrowing capacity -- as evidenced by the Town's very low utilization of available borrowing capacity to date. It is important to note that the below chart is *not* inclusive of public school reimbursements -- which totaled approximately \$7.6M over the last 8 years.

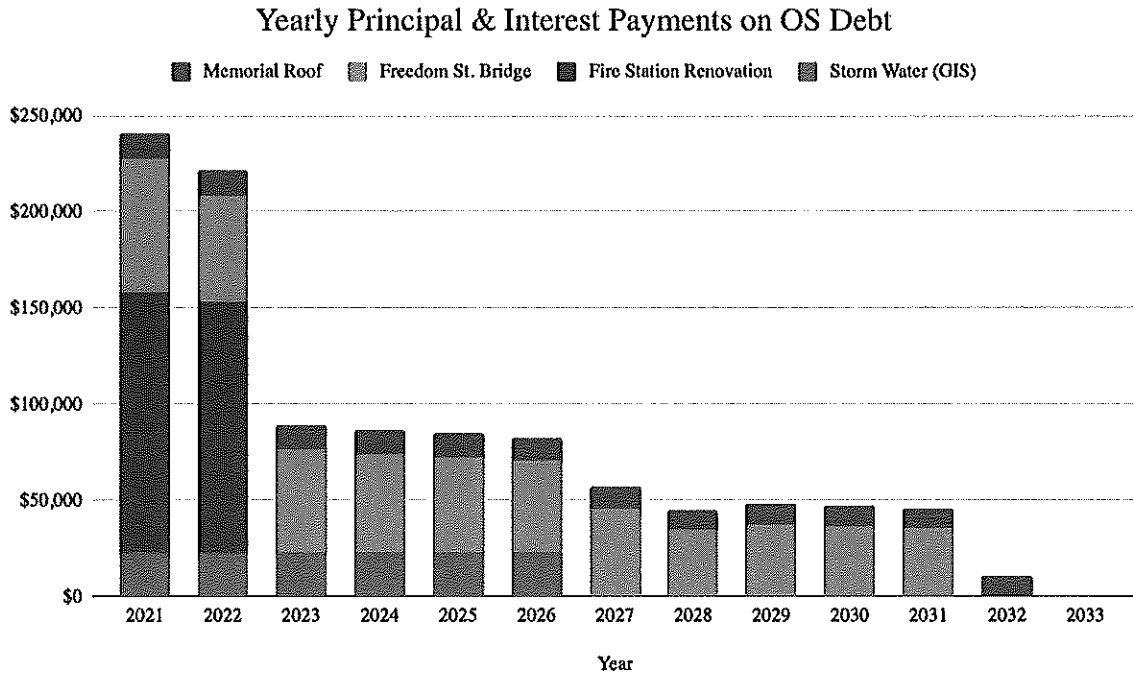


<sup>15</sup> Data provided by the Town Treasurer/Collector

This decline in the outstanding debt balance will continue over the next several fiscal years. Following the payoff of the remaining balance on debt issued for fire station renovations in FY2022, the outstanding debt balance is projected to drop below \$550k. This decrease is illustrated in the below chart.



Hopedale, at current borrowing, is projected to see a significant decrease in yearly principal and interest payments on outstanding debt. By FY2023, the Town will have paid off the remaining balance on debt issued for fire station renovations -- resulting in a significant decrease in the yearly expenditure (as seen below).



The issuance of additional debt to fund the acquisition of 364 West Street will lead to an increase in the outstanding debt and yearly principal and interest expenditures; however, total outstanding debt and yearly expenditures -- inclusive of the potential debt issuance -- will remain significantly below historical levels. Therefore, issuing additional debt is entirely reasonable and possible.

### **III. ACQUISITION OF APPROXIMATELY 5% OF THE TOWN’S TOTAL LAND MASS / WATER RESOURCES**

The property at 364 West Street comprises 155 acres of land and water. This acreage represents approximately 5% of the Town of Hopedale’s land mass and water resources.<sup>16</sup> Given the fact that Hopedale (including public and private -- developed and undeveloped -- land) has a total area of 5.3 square miles, the property in question represents a significant portion of the town. With yearly water shortages and required bans on consumption, Hopedale should be wary of

<sup>16</sup> [https://en.wikipedia.org/wiki/Hopedale,\\_Massachusetts](https://en.wikipedia.org/wiki/Hopedale,_Massachusetts)

further industrial development of such a large portion of the total land mass and water resources.  
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## **IV. FUNDING SOURCES**

### *Utilization of Free Cash*

We may elect to utilize available “free cash” to fund a portion of the land acquisition. As of 7/1/2019 (FY2020) the town maintained a free cash balance of \$517,443.<sup>17</sup> For FY2021, the actual free cash to be generated remains largely uncertain. We believe that utilizing free cash is a decision to be made at a later date (post-acquisition) -- as we do not yet know what grant money may be awarded to offset the purchase price. If we find, at the end of FY2021, that there is an excess of free cash, we can reexamine the benefits of early extinguishment of debt.

### *Issuance of New Debt (Municipal Bond)*

We requested Hopedale’s financial advisor, UniBank Fiscal Advisory Services, Inc., to provide this committee with conservative borrowing estimates. The estimates provided by UniBank include a declining debt schedule. This type of debt service “front loads” the principal payments in the earlier years -- resulting in higher payments in the beginning that decline towards the end of the repayment period. These estimates are for 10, 15, and 20 year repayment periods -- with interest rates ranging from 3% - 3.5%. These conservative rates are on the higher end of the market (for planning purposes). Past bond issuances have resulted in Hopedale successfully securing the lowest interest rates in the market ranges. We have used \$1,175,000 (purchase price) and \$1,225,000 (purchase price, including ancillary legal costs, recording costs, etc.) as example total borrowings. Given the likely additional expenses associated with land acquisition (in general), we believe the \$1,225,000 figure to be more representative of the likely borrowing necessary. Hopedale has also been assigned an “aa3” credit rating from Moody’s Investors Service due to its “limited size tax base with an above average socio-economic profile, satisfactory financial position which has weakened somewhat in recent years, and manageable debt, pension, and OPEB liabilities.”<sup>19</sup> In essence, Hopedale is seen as a favorable borrower and receives more favorable financing opportunities to match.

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<sup>17</sup> [https://www.hopedale-ma.gov/sites/g/files/vyhlf711f/uploads/water\\_ban\\_2020\\_-\\_2.pdf](https://www.hopedale-ma.gov/sites/g/files/vyhlf711f/uploads/water_ban_2020_-_2.pdf)

<sup>18</sup> Massachusetts Department of Revenue Database

<sup>19</sup> [https://www.moody.com/research/Moodys-assigns-Aa3-to-Hopedale-MA-GOs--PR\\_906143931](https://www.moody.com/research/Moodys-assigns-Aa3-to-Hopedale-MA-GOs--PR_906143931)

**10 Year Declining Debt**

Year	Outstanding	Interest		Debt Service
	Principal	Principal	3.00%	
1	1,175,000	120,000	35,250	155,250
2	1,055,000	120,000	31,650	151,650
3	935,000	120,000	28,050	148,050
4	815,000	120,000	24,450	144,450
5	695,000	120,000	20,850	140,850
6	575,000	115,000	17,250	132,250
7	460,000	115,000	13,800	128,800
8	345,000	115,000	10,350	125,350
9	230,000	115,000	6,900	121,900
10	115,000	115,000	3,450	118,450
		<u>1,175,000</u>	<u>192,000</u>	<u>1,367,000</u>

**15 Year Declining Debt**

Year	Outstanding	Interest		Debt Service
	Principal	Principal	3.25%	
1	1,175,000	80,000	38,188	118,188
2	1,095,000	80,000	35,588	115,588
3	1,015,000	80,000	32,988	112,988
4	935,000	80,000	30,388	110,388
5	855,000	80,000	27,788	107,788
6	775,000	80,000	25,188	105,188
7	695,000	80,000	22,588	102,588
8	615,000	80,000	19,988	99,988
9	535,000	80,000	17,388	97,388
10	455,000	80,000	14,788	94,788
11	375,000	75,000	12,188	87,188
12	300,000	75,000	9,750	84,750
13	225,000	75,000	7,313	82,313
14	150,000	75,000	4,875	79,875
15	75,000	75,000	2,438	77,438
		<u>1,175,000</u>	<u>301,438</u>	<u>1,476,438</u>

**20 Year Declining Debt**

Year	Outstanding	Interest		Debt Service
	Principal	Principal	3.50%	
1	1,175,000	60,000	41,125	101,125
2	1,115,000	60,000	39,025	99,025
3	1,055,000	60,000	36,925	96,925
4	995,000	60,000	34,825	94,825
5	935,000	60,000	32,725	92,725
6	875,000	60,000	30,625	90,625
7	815,000	60,000	28,525	88,525
8	755,000	60,000	26,425	86,425
9	695,000	60,000	24,325	84,325
10	635,000	60,000	22,225	82,225
11	575,000	60,000	20,125	80,125
12	515,000	60,000	18,025	78,025
13	455,000	60,000	15,925	75,925
14	395,000	60,000	13,825	73,825
15	335,000	60,000	11,725	71,725
16	275,000	55,000	9,625	64,625
17	220,000	55,000	7,700	62,700
18	165,000	55,000	5,775	60,775
19	110,000	55,000	3,850	58,850
20	55,000	55,000	1,925	56,925
		<b>1,175,000</b>	<b>425,250</b>	<b>1,600,250</b>

**15 Year Declining Debt**

Year	Outstanding		Interest	
	Principal	Principal Payment	3.25%	Debt Service
1	\$1,225,000	\$83,000	\$39,813	\$122,813
2	\$1,142,000	\$83,000	\$37,115	\$120,115
3	\$1,059,000	\$83,000	\$34,418	\$117,418
4	\$976,000	\$83,000	\$31,720	\$114,720
5	\$893,000	\$83,000	\$29,023	\$112,023
6	\$810,000	\$83,000	\$26,325	\$109,325
7	\$727,000	\$83,000	\$23,628	\$106,628
8	\$644,000	\$83,000	\$20,930	\$103,930
9	\$561,000	\$83,000	\$18,233	\$101,233
10	\$478,000	\$83,000	\$15,535	\$98,535
11	\$395,000	\$79,000	\$12,838	\$91,838
12	\$316,000	\$79,000	\$10,270	\$89,270
13	\$237,000	\$79,000	\$7,703	\$86,703
14	\$158,000	\$79,000	\$5,135	\$84,135
15	\$79,000	\$79,000	\$2,568	\$81,568
16	\$0	\$0	\$0	\$0
17	\$0	\$0	\$0	\$0
18	\$0	\$0	\$0	\$0
19	\$0	\$0	\$0	\$0
20	\$0	\$0	\$0	\$0

We have included graphical representations of the yearly debt service within **Exhibit A** (\$1,175,000 purchase price) and **Exhibit B** (\$1,225,000 purchase price +) below.

We could also consider a repayment schedule with uniform payments over the life of the loan. This method/loan type may make it easier to budget for the yearly required debt service. In addition, we considered what receipts could be generated from selling under-utilized municipal property throughout town. These receipts could help to further offset the yearly debt service on any new bond issuance. We have illustrated an example in **Exhibit C** below.

## *Debt Exclusion*

The Town could also acquire the property through a “debt exclusion.” A debt exclusion -- or capital outlay expenditure exclusion -- is defined as follows:

*A capital outlay expenditure exclusion (Ch. 59 Sec. 21C (i 1/2)) is a mechanism that allows a community to raise the total dollar cost of a capital purchase or capital project through a one-year increase in the tax levy. In this way, the city or town avoids long term interest costs, if it were to borrow the needed funds. A capital exclusion can only be used to fund purposes, specified in Ch. 44 Sec. 7 and Sec. 8, for which a community may incur debt.*

*A debt exclusion (Ch. 59 Sec. 21C(j)) raises additional tax revenue to pay debt service costs to finance a capital project, or sometimes to fund a major capital purchase (i.e., a fire engine). The excluded amount, or additional tax, is not specified in the referendum language, but need not equal the anticipated annual debt service obligation in its entirety. A limit on the amount to be raised is initially set in the bond authorization which actually funds the capital project or purchase. It requires a two-thirds vote of town meeting, a town council or city council. The additional property taxes are not permanent, but are removed from the levy when the term of the bond ends.<sup>20</sup>*

In effect, a debt exclusion would require a two-thirds vote of town meeting. If we were to use a debt exclusion over a 10 year term, we could cover the yearly debt service of approximately \$136,700. Approximating 2,600 property taxpayers, this would equate to a yearly “surcharge” of \$53/year on average. While this yearly exclusion is not large, the borrowing capacity of Hopedale is large enough that a debt exclusion will not be necessary.

## *Grant Funding*

Another funding source would be grant funding. This funding source is much more difficult to ascertain -- as there is no guarantee that certain grants would be won, what interested organizations would contribute if the land is acquired, etc. We have explored several grants below:

Urban and Community Forestry Challenge Grants<sup>21</sup> are “annual grant opportunities for municipalities and nonprofit groups to improve and protect their urban forests. These 50/50

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<sup>20</sup> <https://www.mass.gov/files/documents/2017/09/09/overridesandexclusions.pdf>

<sup>21</sup> <https://www.mass.gov/guides/urban-and-community-forestry-challenge-grants>



matching grants help develop, grow and sustain programs that plant, protect and maintain a community's public tree resources and develop partnerships with residents and community institutions.” The “Intent to Apply” is due by October 1, 2020 -- with the “Final Proposal” due November 1, 2020. This grant could potentially cover 50% of the costs to acquire the land.

The Community Preservation Fund<sup>22</sup> would be worth exploring if the Community Preservation Act passes the ballot vote on 9/15/2020. Establishing a community preservation fund through the Community Preservation Act would potentially provide the Town with 50% matching funding from the state for the land acquisition/debt service.

The Drinking Water Supply Protection Grant Program<sup>23</sup> provides “funding for protecting and conserving the quality and quantity of public drinking water supply sources in the Commonwealth.” Additionally, this grant provides funding related to the “acquisition of land in existing Department of Environmental Protection approved drinking water supply protection areas or land in estimated protection areas of identified and planned future water supply wells or intakes.”

Unfortunately, this grant is currently closed for applications for the current year (applications closed on 1/1/2020); however, this grant program may provide an ideal combination of funding and purpose for the acquisition of 364 West Street.

The Massachusetts Land and Water Conservation Fund Grant Program<sup>24</sup> provides “up to 50% of the total project cost for the acquisition, development, and renovation of: Parks, Trails, and Conservation areas.” To that end, eligible projects include the “acquisition of parkland or conservation land,” which well fits the purpose of the Hopedale’s potential acquisition of land under the right of first refusal. Similar to the above grant program, this grant program is currently closed for applications for the current year (applications closed 4/8/2020); however, this grant program may also provide an ideal combination of funding and purpose for the acquisition of 364 West Street. This grant, in particular, requires an “open space plan” in the application. It would be in Hopedale’s best interest to prioritize drafting an open space plan to gain access to funding sources for this project and many others.

The Metacomet Land Trust,<sup>25</sup> as well as other private organizations have indicated interest in assisting Hopedale in securing funding for the acquisition of 364 West Street. Hopedale has been the beneficiary of many notable organizations -- the Hopedale Foundation for one -- over the

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<sup>22</sup> <https://www.mass.gov/doc/igr-2019-14-community-preservation-fund/download>

<sup>23</sup> <https://www.mass.gov/how-to/apply-to-the-drinking-water-supply-protection-grant-program>

<sup>24</sup> <https://www.mass.gov/service-details/massachusetts-land-and-water-conservation-fund-grant-program>

<sup>25</sup> <https://www.milforddailynews.com/news/20200826/no-decision-yet-on-hopedale-land-deal>

years. Seeking assistance from private organizations may prove to be beneficial not just for the direct funding that these organizations could potentially provide, but also for the expertise and wealth of knowledge that conservation groups could bring to Hopedale.

The Hopedale Foundation<sup>26</sup> has indicated interest in assisting Hopedale in acquiring the property under the right of first refusal. The Foundation is a hallmark institution of the Town and has generously provided major support to the Hopedale Public Schools, college-bound graduates, and residents -- to name a few beneficiaries -- over the years. We have provided an example of what a yearly contribution from the Foundation might look like in **Exhibit C**.

Given the wealth of resources available from both public and private organizations, Hopedale should actively seek these resources under all funding scenarios. Any financial assistance (through public and/or private grants) could greatly reduce the total -- and yearly -- outlay Hopedale, and taxpayers, would have to contribute to fund the acquisition.

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<sup>26</sup> Letter from the Trustees of the Hopedale Foundation to the Board of Selectmen, dated August 26, 2020.

## V. CONCLUSION

After careful consideration of all available information, the Finance Committee concludes that Hopedale should exercise its right to purchase the 155 acres of land -- situated at 364 West Street -- under Chapter 61, Section 8 of the Massachusetts General Laws ("MGL"). As more fully set forth above, this conclusion is based upon the following facts:

- (1) Potential tax revenue from rail expansion is highly speculative especially in light of the broad property tax exemption enjoyed by GURR.
- (2) Rail expansion has a demonstrably negative impact on adjacent residential property values and will reduce/dilute residential property tax revenues over the near/long term.
- (3) The unique circumstances of the current economy, sound financial management by Hopedale, and declining balances on long-term debt have created ample borrowing capacity to finance the purchase.
- (4) Purchasing the subject property (which represents 5% of Hopedale's land area) will enable Hopedale to decide the highest and best use of the property while maintaining full control over environmental concerns.
- (5) There are numerous grants available to assist Hopedale in this land acquisition and paying down the debt going forward. Hopedale should aggressively pursue these grants.

Hopedale Finance Committee

by its duly appointed members,

Christopher Hodgens, Jr., Chair

Elizabeth Callahan

Don Comastra

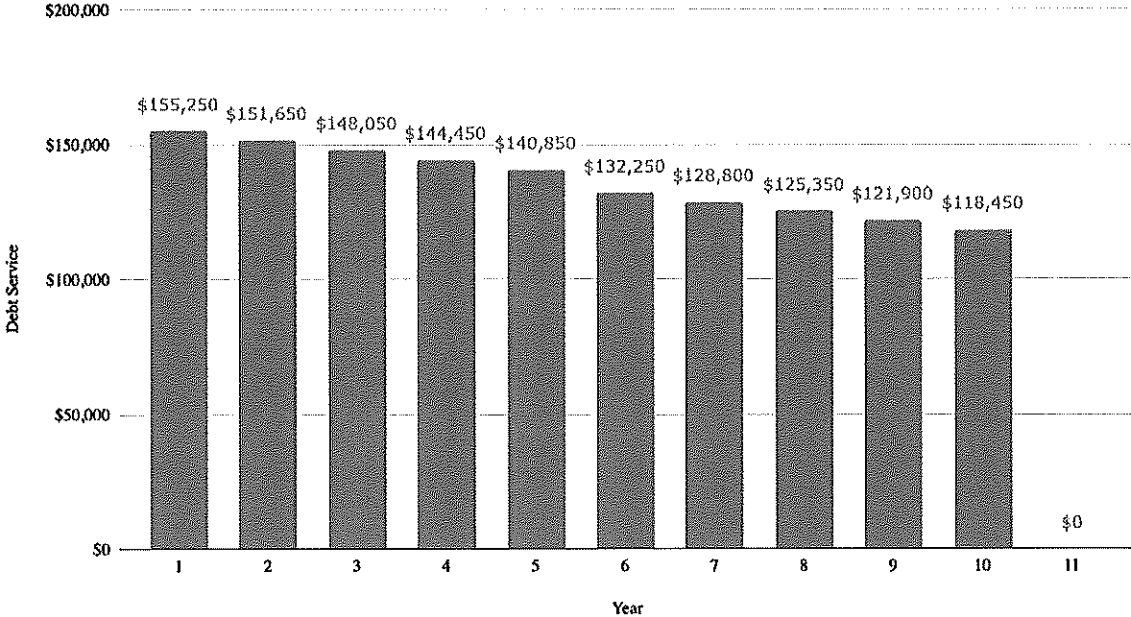
Karla Hopkins

Dennis Madigan

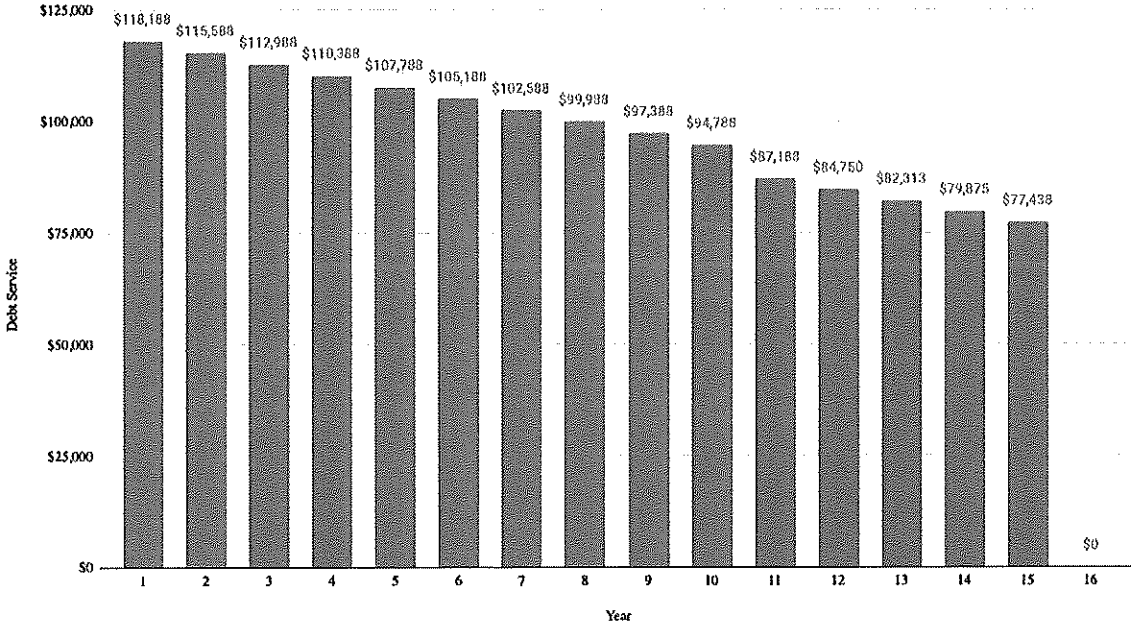
Colleen Strapponi

**EXHIBIT A:**

**10 Year Note (3% Rate) Debt Service**



**15 Year Note (3.25% Rate) Debt Service**



20 Year Note (3.5% Rate) Debt Service

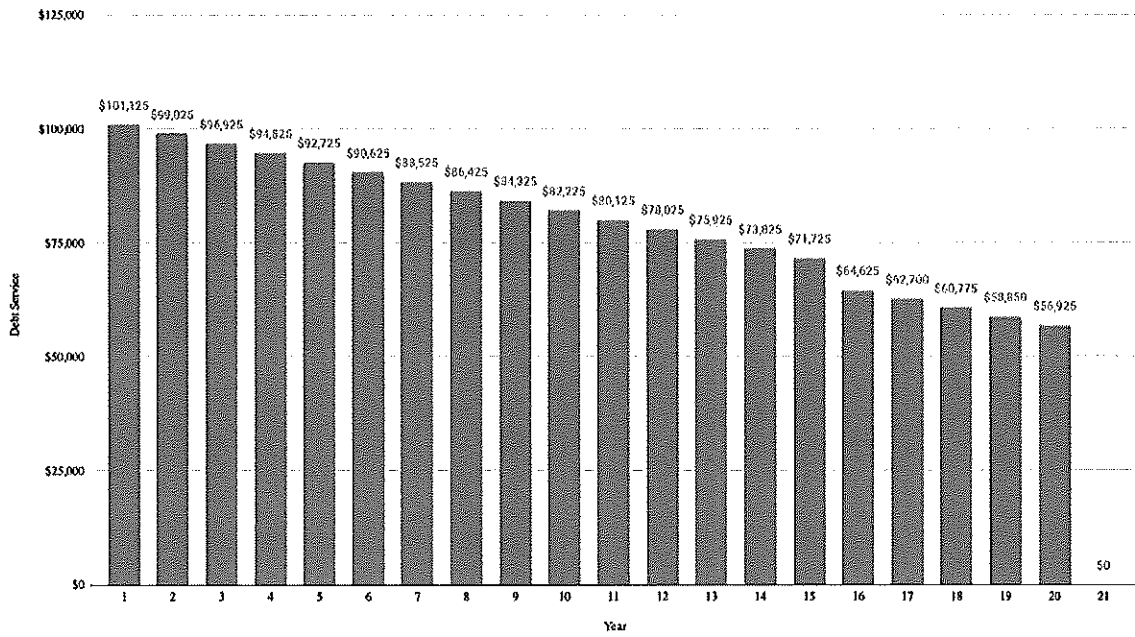
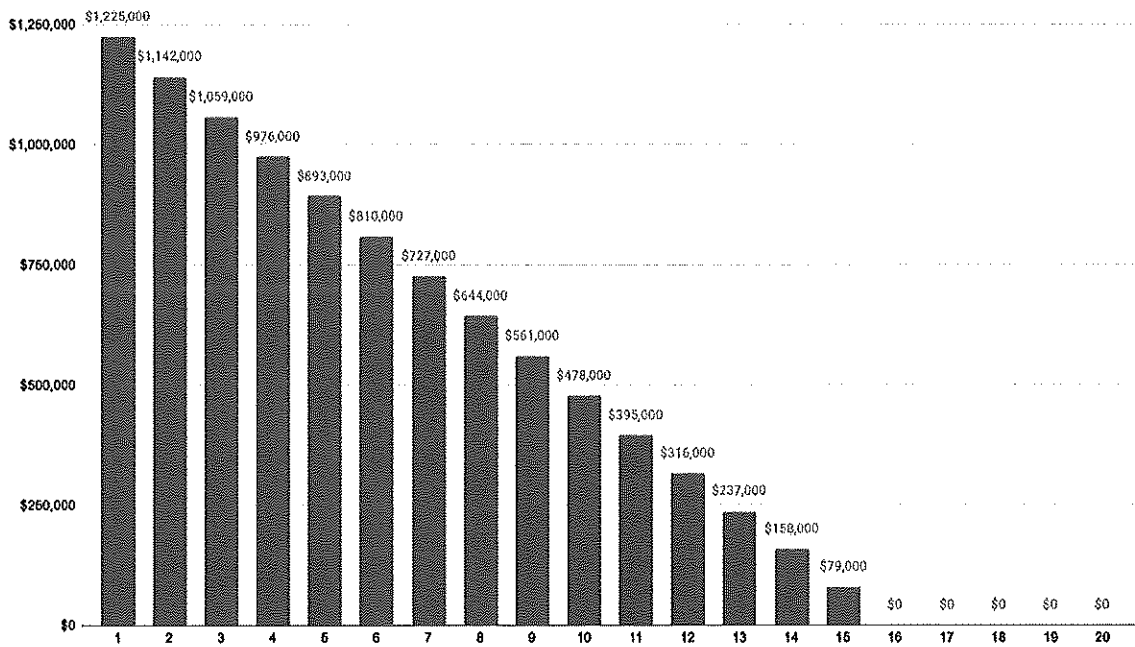


EXHIBIT B:

15 Year Note (3.25% Rate) Debt Service



**EXHIBIT C:**

\*It is important to note that the below hypothetical net debt service is entirely an estimate. The Hopedale Foundation (or any other public/private grant-writing entity) has not provided any details as to either the yearly, or total, financial contribution. The illustration merely seeks to show how a combination of grant funding and land sale proceeds can minimize the yearly (and total) impact to Hopedale’s budget.

**15 Year Declining Debt**

Year	Outstanding		Yearly Hopedale Foundation Gift*	Municipal Land Proceeds*	Net Debt Service
	Principal	Debt Service			
1	\$1,225,000	\$122,813	\$100,000	\$0	\$22,813
2	\$1,142,000	\$120,115	\$80,000	\$0	\$40,115
3	\$1,059,000	\$117,418	\$80,000	\$0	\$37,418
4	\$976,000	\$114,720	\$40,833	\$73,887	\$0
5	\$893,000	\$112,023	\$40,833	\$71,189	\$1
6	\$810,000	\$109,325	\$40,833	\$68,492	\$0
7	\$727,000	\$106,628	\$40,833	\$65,794	\$1
8	\$644,000	\$103,930	\$40,833	\$63,097	\$0
9	\$561,000	\$101,233	\$40,833	\$60,399	\$1
10	\$478,000	\$98,535	\$40,833	\$57,702	\$0
11	\$395,000	\$91,838	\$40,833	\$51,004	\$1
12	\$316,000	\$89,270	\$40,833	\$48,437	\$0
13	\$237,000	\$86,703	\$40,833	\$45,869	\$1
14	\$158,000	\$84,135	\$40,833	\$43,302	\$0
15	\$79,000	\$81,568	\$40,833	\$40,734	\$1
16	\$0	\$0	\$0	\$0	\$0
17	\$0	\$0	\$0	\$0	\$0
18	\$0	\$0	\$0	\$0	\$0
19	\$0	\$0	\$0	\$0	\$0
20	\$0	\$0	\$0	\$0	\$0
		<b>\$1,540,250</b>	<b>\$749,996</b>	<b>\$689,906</b>	<b>\$100,348</b>

# **Exhibit 2**

# THE HOPEDALE FOUNDATION

P.O. Box 123  
Hopedale, MA 01747-0123

October 17, 2020

Town of Hopedale  
Board of Selectmen  
78 Hopedale Street  
P.O. Box 7  
Hopedale, MA 01747

Gentlemen:

The Trustees of The Hopedale Foundation met today to discuss consideration of financial support to the Town of Hopedale in the purchase of certain property which will be discussed at the upcoming Special Town Meeting on October 24, 2020.

After careful consideration, the Trustees approved, with one recusal, the following vote.

The Trustees voted (with Atty. Christine H. Burke recusing herself) to assist the Town of Hopedale in reducing its financial burden as a result of the Town of Hopedale exercising its option to purchase the 155.24 acres of land of Charles F. Morneau, Trustee, as represented in the Notice of Intent to Sell served on July 9, 2020. The Trustees voted that after the purchase of the land The Hopedale Foundation would grant to the Town of Hopedale the amount of seven hundred and fifty thousand dollars (\$750,000) to be paid in increments of fifty thousand dollars (\$50,000) per year for a period of fifteen years.

Respectfully,



Michael A. Diorio  
Administrator

cc: Board of Water & Sewer Commissioners  
Hopedale Finance Committee



# **Exhibit 3**

**THE HOPEDALE FOUNDATION**

P.O. Box 123  
Hopedale, MA 01747-0123

February 24, 2021

Town of Hopedale  
Board of Selectmen  
78 Hopedale Street  
P.O. Box 7  
Hopedale, MA 01747


Dear Mr. Keyes, Mr. Arcudi, and Ms. Hazard:

The Trustees of The Hopedale Foundation met today to revisit a vote taken on October 17, 2020 committing financial support to the Town of Hopedale in its purchase of certain property discussed at the Special Town Meeting held on October 24, 2020.

Although not having been notified directly, the Trustees are of the understanding that the original facts and circumstances have been or are in the process of being reworked.

The original vote of The Hopedale Foundation Trustees to provide financial assistance for the Town of Hopedale to exercise an option to purchase 155.24 acres of land for a certain price still stands. However, the Trustees would like to inform you that it will revisit this vote again in the future should the facts change at time of final purchase.

Respectfully,



Michael A. Diorio  
Administrator

cc:  Board of Water & Sewer Commissioners  
Hopedale Finance Committee