

Mike Diorio
Executive Director
Hopedale Foundation

The 364 West St property issue has slowly moved to the approval stage. A citizen's petition highlights the broad community support for the Town to acquire the property and the Select Board has confirmed a Special Town Meeting for Oct 24th, which includes the warrant articles to approve the acquisition.

The only outstanding matter is the mechanism through which we fund the acquisition. There has been some concern and discussion regarding the Town's ability to afford the property. This certainly appears to be a minority opinion, but a 2/3rds vote is required for the ultimate approval.

Although we do not have official approval of a financing plan yet, the Water and Sewer Commissioners, on behalf of the Town, would like to take the next step and make a specific request for financial support from the Hopedale Foundation to acquire the 364 West St property.

Outstanding variables make a specific dollar request difficult and potentially misleading. In the interest of full disclosure, we have attached the details and a couple options for financing.

Therefore, at this time we are requesting the Foundation to share the cost with the Town. The actual grant can be structured in accordance with the Foundation's preference and/or requirements. For example, an annual donation equal to the town's borrowing cost, or a pre-defined donation amount over time that would equate to roughly half of the Town's costs. The exact details can be established when the Finance Committee is able to define the exact financing plan.

Our belief is that this specific support, a statement that the Foundation is willing to provide financial support up to one-half of the cost to acquire the property would put to rest the question of whether or not the Town can afford the property. It also provides the flexibility for the Finance Committee to structure the most appropriate financing plan, incorporating the Foundation's commitment and any associated requirements.

If there are any questions, please do not hesitate to contact me. Thank you for your consideration.

Ed Burt (508 259 1181)

Hopedale Water and Sewer Commissioner, Chairman

364 West St Financing Plan Drafts

Finance plan variables:

Variables	Current Estimate	Notes
Total Purchase price	\$1,225,000	Based on full P&S, no grants, plus associated costs
Terms, duration	15 years	Via Debt Exclusion or within the tax levy
Interest rate	3.25%	Current range 3 to 3.5%
Date of first payment	FY22	After June 30, 2021

Total Purchase cost:

The purchase and sale between GURR and the current owner states a \$1,175,000 purchase price. Another ~\$25,000 is owned in back taxes, which would not be applicable to the Town's purchase costs, but other associated fees (bonding, legal, ..) should be included in the Town's total cost. The Finance Committee has been using a \$1,225,000 total price for their estimates.

Two other aspects may impact (reduce) the total purchase price:

1. A question of whether the Town is acquiring the full property (155 acres) or just the 130 acres of Forestry (the Chapter 61B portion) and how to include the other 25 acres of wetlands is still outstanding. The P&S between GURR and the current owner also references '363 West St'.
2. Grants – A Water Protection Grant for as much as \$300,000 has been on our radar. Unfortunately the State has not opened this for applications yet. We believe this is a great opportunity, a strong match to this land acquisition, but there's no supporting detail that would allow us to incorporate it into the planning at this point.

Loan Duration and Interest Rate (normal variables)

Hopedale has typically bonded over a 20 year period. The Finance committee has stated that with the Foundation's support, a shorter, 15 year term (or possibly even a 10 yr term), would be more cost effective.

Various models have used between 3 and 3.5%, leading to different annual payments.

Date of First Payment:

Fiscal 2022 is the last payment due on the Fire Station Renovation. This makes FY22 (July 1, 2021 to June 30, 2022), the most difficult period for the Town to finance the property.

The expectation is that there would not be a repayment in the current fiscal year, nothing before July 1, 2021.

Sample Loan / Contribution 1: Annual Split per loan details

		15 Year Declining Debt				
Outstanding				Interest		
Year	Principal	Principal	3.25%	Debt Service	Foundation	
1	1	1,225,000	81,667	39,813	121,479	\$ 60,740
2	2	1,143,333	81,667	37,158	118,825	\$ 59,413
3	3	1,061,667	81,667	34,504	116,171	\$ 58,085
4	4	980,000	81,667	31,850	113,517	\$ 56,758
5	5	898,333	81,667	29,196	110,863	\$ 55,431
6	6	816,667	81,667	26,542	108,208	\$ 54,104
7	7	735,000	81,667	23,888	105,554	\$ 52,777
8	8	653,333	81,667	21,233	102,900	\$ 51,450
9	9	571,667	81,667	18,579	100,246	\$ 50,123
10	10	490,000	81,667	15,925	97,592	\$ 48,796
11	11	408,333	81,667	13,271	94,938	\$ 47,469
12	12	326,667	81,667	10,617	92,283	\$ 46,142
13	13	245,000	81,667	7,963	89,629	\$ 44,815
14	14	163,333	81,667	5,308	86,975	\$ 43,488
15	15	81,667	81,667	2,654	84,321	\$ 42,160
16	16			-	-	
17	17			-	-	
18	18			-	-	
19	19			-	-	
20	20			-	-	
Total		1,225,000	318,500	1,543,500	771,750	

Sample Loan / Contribution 2: Fixed donation

		15 Year Declining Debt				
Outstanding				Interest		
Year	Principal	Principal	3.25%	Debt Service	Foundation	
1	1	1,225,000	81,667	39,813	121,479	\$ 100,000
2	2	1,143,333	81,667	37,158	118,825	\$ 75,000
3	3	1,061,667	81,667	34,504	116,171	\$ 50,000
4	4	980,000	81,667	31,850	113,517	\$ 50,000
5	5	898,333	81,667	29,196	110,863	\$ 50,000
6	6	816,667	81,667	26,542	108,208	\$ 50,000
7	7	735,000	81,667	23,888	105,554	\$ 50,000
8	8	653,333	81,667	21,233	102,900	\$ 50,000
9	9	571,667	81,667	18,579	100,246	\$ 50,000
10	10	490,000	81,667	15,925	97,592	\$ 50,000
11	11	408,333	81,667	13,271	94,938	\$ 50,000
12	12	326,667	81,667	10,617	92,283	\$ 50,000
13	13	245,000	81,667	7,963	89,629	\$ 50,000
14	14	163,333	81,667	5,308	86,975	\$ 50,000
15	15	81,667	81,667	2,654	84,321	\$ -
16	16			-	-	
17	17			-	-	
18	18			-	-	
19	19			-	-	
20	20			-	-	
Total		1,225,000	318,500	1,543,500	775,000	