



Town of Simsbury

933 HOPMEADOW STREET

P.O. BOX 495

SIMSBURY, CONNECTICUT 06070

Thomas F. Cooke - Director of Administrative Services

BOARD OF SELECTMEN MEETING AGENDA SUBMISSION FORM

1. **Title of submission:** Revised Proposal and Resolution
Preservation of George Hall Farm and
Sale of Pharos Farm

2. **Date of submission:** November 8, 2013

3. **Date of Board Meeting:** November 13, 2013

4. **Individual or Entity making the submission:**

Robert M. DeCrescenzo, Esq. – Town Counsel

5. **Action requested of the Board of Selectmen (Acceptance of gift, creation of reserve, approval of contract, information only, etc. Be as specific as possible with respect to the desired action of the Board.):**
The Individual or Entity making the submission requests that the Board of Selectmen:

Consideration and possible action on a Resolution revising the steps necessary to complete the previously approved Pharos Farm/George Hall Simsbury Land Trust transaction to satisfy the conditions of the USDA farmland preservation grant to the Simsbury Land Trust that is the principle source of the funding for the transaction.

6. **Individual(s) responsible for submission (Please include complete contact information. The identified individual(s) should be prepared to present information to the Board of Selectmen at the Board Meeting.):**

Robert M. DeCrescenzo, Esq. – Town Counsel – (860) 548-2600
Thomas F. Cooke – Director of Administrative Services – (860) 658-3264

7. **Summary of Submission** (Include in your summary (i) relevant dates and timelines; (ii) parties involved; (iii) a description of financial terms and conditions specifically identifying the financial exposure/commitment of the Town of Simsbury; (iv) whether or not contracts, licenses and other legal documents have been reviewed by the Town's counsel; and (v) other information that will inform the Board of Selectmen's consideration of your submission. Include any additional information in an attached memorandum.):

Subsequent to the Board of Selectmen's approval of this transaction on February 25, 2013, the Town of Simsbury was informed by the Simsbury Land Trust ("SLT") of a USDA requirement that grant funding critical to the transaction could only be awarded if Mr. Hall owns the Pharos Farm parcel at the time of final review of his application.

SLT has worked with Town Counsel to restructure the transaction to accommodate this requirement and at the same time ensure that there is no financial risk to the Town in moving forward with the transaction.

The details are fully set forth in the attached letter from Town Counsel.

8. **Description of documents included with submission** (All documents must be in final form and signed by the appropriate party.):

The following documents are included with this submission and attached hereto:

Letter from Town Counsel dated November 8, 2013 with attachments:

- Draft resolution
- Letter from Simsbury Land Trust dated September 25, 2013



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November 8, 2013

Mary A. Glassman
First Selectman
Town of Simsbury
933 Hopmeadow Street
Simsbury, CT 06070

Re: Revised Proposal by the Simsbury Land Trust to
Preserve George Hall Farm: Sale of Pharos Farm

Dear Mary:

This is to describe the Simsbury Land Trust's ("SLT") proposal to change the Pharos Farm/George Hall Simsbury Land Trust transaction as approved by the Board of Selectmen. The change is required to satisfy the conditions of the USDA farmland preservation grant to the SLT that is the principle source of the funding for the transaction.

By way of background, the SLT proposed to obtain a conservation easement on two parcels of Simsbury farmland totaling 50.3 acres. The first parcel is the 10.6 acre George Hall Farm at 180 Old Farms Road ("George Hall Farm or Parcel I"). The second parcel is the town-owned 39.7 acre property known as Pharos Farm ("Pharos Farm or Parcel II"). For the reasons explained below, the SLT plan depends on the Town's willingness to sell Pharos Farm to George Hall for its fair market value, which it estimates to be \$480,000.

The transaction will allow the SLT to assist in the preservation of the George Hall Farm in West Simsbury. SLT believes there is a linkage between the two properties because George Hall has organically farmed Pharos Farm since the early to mid-1970's on annual leases from the Town.

SLT's original proposal as approved by the Board of Selectmen required three transactions to be completed at a single closing:

- 1) George Hall will purchase Pharos Farm from the Town for its appraised value of \$480,000;
- 2) The SLT will purchase a permanent agricultural easement encumbering both Pharos Farm and the George Hall Farm properties (approximately 48 acre total) from George Hall; and
- 3) The SLT will pay \$550,000 for an easement on both Parcel I and Parcel II to George Hall, \$480,000 of which George Hall will pay to the Town for Parcel II. According to the SLT, the order of the three transactions is dictated by the United States Department of Agriculture

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Mary A. Glassman

Page 2

November 8, 2013

("USDA") grant which requires that the conservation easement be purchased from a private individual, not from a municipality.

Since this proposal was approved by the Board of Selectmen on February 25, 2013, the SLT received notice from the USDA that grant funding for the preservation of the George Hall Farm can only be awarded if Mr. Hall owns the parcel at the time of the final review of his application. Prior to final grant approval, the USDA requires proof of his ownership in the form of a title policy showing George Hall as the Fee Owner of Pharos Farm. This latest condition is spelled out in the September 25, 2013 letter attached.

In other words, as a condition of final USDA grant approval George Hall must demonstrate he holds title to the Pharos Farm property. Because the grant funding is the principle source of funds for his acquisition of Pharos Farm, SLT proposes a two-step closing as described below to satisfy the grant requirement.

1. Step One: SLT will purchase and record the Conservation Easement over the George Hall Farm. The USDA grant funding will ultimately provide 50% of the funding for the acquisition of a conservation easement encumbering the Old Farms Road property. Other SLT funding presently in place will provide the balance of the purchase price. The total payment to Mr. Hall by SLT will be \$340,000 for the Conservation Easement.

2. Step Two: Of the \$340,000 paid to Mr. Hall by SLT, \$70,000 will be used by Hall to pay off the mortgage that currently encumbers the Old Farm's Road property. The remainder, approximately \$270,000, will be used for the first payment to the Town for the purchase by George Hall of Pharos Farm. That payment will be received by the Town and held in escrow in exchange for a deed to Pharos Farm transferring title to Hall to satisfy the conditions of the USDA grant. The deed to Hall will include a reverter clause transferring title to the property back to the Town if the second payment is not received by a date certain. The Town will also hold a quit claim deed from Hall to the Town pending receipt of the final payment.

3. Step Three: The \$210,000 balance of the \$480,000 purchase price for Pharos Farm will be tendered by Hall to the Town at a second closing once USDA grant funds are received. At the second closing, SLT will purchase and record the conservation easement on Pharos Farm.

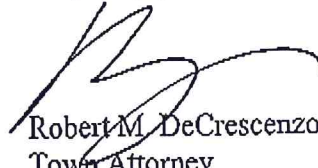
4. If the Grant is Not Approved: If the USDA does not approve the grant after title is transferred, the reverter clause in the deed will cause title to revert to the Town and the Town will also record the escrowed deed from Hall transferring the property back to the Town. This step is necessary to protect the town's interest during the USDA grant review period and to insure payment of the full \$480,000 purchase price.

Mary A. Glassman
Page 3
November 8, 2013

If the Board of Selectmen is interested in pursuing the revised proposal, I suggest the consideration of and action on the attached Resolution.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Robert M. DeCrescenzo, Esq.
Town Attorney

RMDe/psm