

TOWN OF MADISON, CT

REFERENDUM

TUESDAY, FEBRUARY 15, 2022

NOTE: VOTING WILL TAKE PLACE AT ALL POLLING LOCATIONS

6:00 A.M. to 8:00 P.M.

VOTE QUESTION NO. 3

"SHALL THE TOWN OF MADISON SELL THE TOWN PROPERTY LOCATED AT ISLAND AVENUE TO OLM PREP REAL ESTATE HOLDINGS, LLC FOR \$2,300,000?"

YES

NO"

Voters approving said Resolution will vote "Yes" and those opposing said Resolution will vote "No".

Introduction

By action at its Tuesday, January 11, 2022 meeting, the Madison Board of Selectmen ("BOS) voted to submit to the voters of the Town the question of whether to sell the property located as 20 Island Avenue (the "Property") to OLM Prep Real Estate Holdings, LLC ("OLMPR) for \$2.3 million under the terms and conditions set forth in an approved purchase and sale agreement ("Agreement"). The following summarizes the history of the proposed sale. OLMPR is an affiliated entity with Our Lady of Mercy Preparatory Academy ("OLM Prep"), a private school that is currently leasing the Property from the Town. The referendum will be held on Tuesday, February 15, 2022

Background

The Town of Madison purchased the Property in 1949 and erected an elementary school, which was opened in the early 1950's, and known as the Island Avenue School. The Property includes a 9.3-acre site, an existing 26,500 gross square feet, one (1) story main structure, several small parking areas, a vehicular access area, a basketball court, a playground, and open space.

The Property was operated by Madison Public Schools as an elementary school until 2019. The Madison Board of Education decided to close the school as part of a broader school restructuring and renewal plan. Since then, OLM Prep has been leasing the Property pursuant to a short-term lease modification and extension agreement, approved by the Board of Selectmen, Board of Finance, and Town Meeting, pending the Town's final determination on the Property's future use. That lease modification and extension agreement expires in July 2022. .

The Property is subject to a warranty deed ("Deed") that contains several restrictions and conditions, including but not limited to a restriction prohibiting the use of the Property for industrial and commercial purposes, and a right of first refusal to purchase under certain terms and conditions by the heirs of the original grantor of the Property, Constance W. Pignatelli (the "Grantor"). In October 2020, the Town was notified by letter (the "Heirs Letter") that Paolo Pignatelli, Franca Pignatelli and Natalie Pignatelli claim

to be the heirs of the Grantor (the “Heirs”) and advised the Town they intend to exercise all rights bestowed on them in the Deed.

In 2020, the BOS formed the Island Avenue Ad-hoc Committee (“IAAC”) to review potential options for use of the Property, and to make a recommendation of possible next steps to the BOS. As part of its process, the IAAC gathered feedback from Town residents through a town-wide survey and public hearings, conducted a risk assessment, and completed a septic design study to assess development potential for the Property. At its conclusion in early 2021, the IAAC recommended that the BOS launch a request for proposal process (“RFP”) to make a final determination for the best use of the Property with two primary purposes, residential development or continued use as an educational facility, uses which are permitted under existing zoning regulations.

In early 2021, the Town engaged an independent appraiser, Steven L. Freye & Associates, which valued the property at approximately \$2 million in a final report issued to the Town in March 2021. In March 2021, the BOS retained Colliers International to act as its advisor for the RFP process. In May 2021, the Town issued a formal RFP and received three respondents in June, including a proposal by OLM Prep for continued use of the Property as a private K-8 school, a proposal made by Beacon Communities for affordable and mixed-income housing, and a proposal made by Newport Realty Group for multi-family residential development. In July 2021, the BOS recommended the proposal from OLM Prep be moved forward to a Public Hearing, to the Town’s Planning & Zoning Commission, and to the Board of Finance (“BOF”) for review.

In August 2021, the BOS held a Public Hearing, and subsequently voted to recommend to authorize the First Selectman to initiate a purchase and sale agreement process with OLM Prep. In September 2021, the BOF and the Planning & Zoning Commission reviewed the recommended proposal. On January 11, 2022, the BOF and the BOS each approved the terms and conditions contained in the Agreement for the sale of Island Avenue School to OLMPR for \$2.3 million, which Agreement is conditioned upon the results of the referendum vote.

The Town is obligated under state statute to provide annual transportation and nursing services to all private schools in Madison. This obligation would carry forward for OLM Prep as long as the Property continues to be used for the operation of a private school.

Summary Terms of the Transaction

The following is a summary of some of the essential terms of the Agreement. For a complete review of all the terms and conditions, please visit the Town website to review the Agreement in its entirety.

Per the Agreement, the Town would receive \$2.3 million to be paid in cash at closing for the sale of the Property, which closing date is to occur by March 31, 2022 if the sale is approved at referendum. The Town would enter into a tax abatement agreement with OLMPR for a period of eight years that would fix the assessed value of the Property at \$1.75 million and require OLMPR to pay property taxes based on the fixed assessed value and the annual mill rate. All deed restrictions on the Property regarding use will remain in force. The Town will retain a right of first refusal that extends for five years after closing that allows the Town to match any bona fide offer received by OLMPR for sale of the Property.

If the sale of the Property is not approved by voters on February 15, 2022, OLM Prep will receive a one-year lease extension at an annual rent of \$320,000.

The preparation, printing and dissemination of this concise explanatory text was authorized by the Board of Selectmen at a meeting held on Tuesday, January 11, 2022. The explanatory text was prepared by the Town Clerk pursuant to Sec. 9-369b(a) of the Connecticut General Statutes and is intended to not advocate either the approval or disapproval of the referendum question.