

# Provincetown Year-Round Rental Housing Trust Board of Trustees

Minutes: August 21, 2018

Community Development Conference Room, Town Hall, 260 Commercial Street, Provincetown

## 5:30 p.m.

YRRT Members Present: Kevin Mooney, Nathan Butera, Tom Donegan, Rob Anderson, Chris Andrews

Staff: Community Housing Specialist Michelle Jarusiewicz, Town Manager David Panagore

Other: Lee Smith/KP Law by phone, Laura Shufelt/MHP

Public Statements: none

Member Statements: none

## Harbor Hill Update:

Kevin Mooney: Believes everyone got the news about the bankruptcy court process on 8/14/18 and moving forward with closing on or about August 30<sup>th</sup>. There was one letter from an interval owner expressing disappointment in what transpired but there was no legal challenge. The Trust is the good faith purchaser; any future legal issues would be against the Bankruptcy Trustee.

Lee Smith indicated that he will have a conference call the next day with the Title Insurance Company regarding technical procedures that will define the path. We are on track to close by 8/30/18.

David Panagore said that we can close the loop by wiring the funds to the KP Law escrow account and can disperse when on record.

Lee Smith said that they would have the complete packet of documents ready next week to sign and for recording.

Tom Donegan MOVE that the Trust purchase certain real property, together with the buildings and improvements thereon, and such personal property as may be included in the sale as it may desire to accept, known as the Harbor Hill at Provincetown Condominium (the "Property") for the sum of \$8,101,620.00, all as is substantially set forth in the Purchase and Sale Agreement executed by the Trust on February 9, 2017, as may be amended, and the Order of the U.S. Bankruptcy Court in Case Number 16-13349-JNF dated August 14, 2018; Rob Anderson Second; approved 5-0.

Tom Donegan MOVE that the Trustees authorize any of the Trustees and also delegate to the Town's Town Manager, as its agent, the power to enter into, execute, acknowledge, deliver and otherwise act on behalf of the Trustees regarding one or more deeds to the Property and any and all other documents or instruments as may be necessary or appropriate in order to enter into and thereafter consummate an agreement to purchase the Property; Rob Anderson Second; approved 5-0.

Tom Donegan MOVE that all actions previously taken by the Trustees of the Trust with regard to the Property are hereby ratified and confirmed; Rob Anderson Second; approved 5-0.

Lee indicated that it is up to the Bankruptcy Trustee to turn off the utilities. Michelle Jarusiewicz said that they are off already; they had been turned on briefly for the assessment by the architects. We will want to switch accounts to the Trust. David Panagore asked if KP has a closing list? Lee has a draft agenda for tomorrow. One deed for 26 units in 4 buildings, a condominium, but not a timeshare. After the closing, the property will be removed from Land Court; then if the Trust wants to, they can change the form of ownership. They may not need to terminate the condo at this time. David Panagore asked what the cost might be to separate it out? Tom Donegan asked if there are housekeeping items regarding filing for condo? Lee said that he will look at the

condo documents. Lee asked what is the ultimate goal – to eventually sell off 1? Tom Donegan said that they are adding 2 units and want flexibility in the future. If there are annual things to do there could be staff impact. Lee said that adding the 2 new units may trigger a potential opportunity to amend. He will make a recommendation.

Michelle Jarusiewicz described permitting status including the submission of the MAAB Variance and a Request for Determination of Applicability to the Conservation Commission which was being considered as we speak upstairs. Bids are due 9/11/18. She distributed a spreadsheet that is a slightly revised version of the draft sheet distributed at the information sessions that has a brief description of each unit [number of bedrooms, net SF, etc.] along with the rent and targeted income levels. Two info sessions were conducted on 8/7 & 8/11/18, she has had many meetings and phone conversations with potential applicants, and she expects to do a big push after Labor Day. She has been emphasizing the mission of the special legislation and town meeting votes that the units target year round middle and market rate incomes and prohibit airbnb type subletting.

Kevin Mooney said that he came across a service provider that does enforcement of such things; perhaps the Trust would want to do something like that in future.

Tom Donegan suggested redoing the old video and release after Labor Day to encourage APPLY NOW.

David Panagore asked what do you do if there are empty units? Laura Shufelt said that assuming the 1<sup>st</sup> group of applicants are diverse enough, can do first come first serve. If not, there could be a fair housing issue. Tom said that we can figure it out later, the ramp-up, absorption rate, etc. Kevin said that his ramp-up draft had 3 in November, 3 in December then increasing in January. Laura Shufelt said that given construction costs, contractors will want to do construction ASAP with unknown tariff impacts.

#### **Insurance for Harbor Hill with Paul Silva/BY&D:**

Mr. Silva distributed and discussed a packet of information with insurance proposal for Harbor Hill. He used \$350 per SF for replacement costs. This is blanket policy, while each building is listed separately, \$10-million is available for any 1 loss; there is a \$2,500 deductible; \$25,000 for wind deductible per building. For liability \$1-million per occurrence with \$5-million umbrella. Lee will look into if it operable before closing; not sure if it applies. Paul said that the package policy includes 60 days vacancy then coverage. This policy allows units to be vacant, no set time frame. Loss of income coverage \$208 per SF per month; up to \$61,500 per month. He needs the name of the condo association. Kevin said that it is slightly under forecasted amount. Paul asked if there will be 28 units? The general liability is about \$200/unit, but the value of the buildings may increase. Tom Donegan asked, since this is municipally owned, do things like slip and falls still apply? Paul said that it is probably included, but imagines that there is no case law for this. Lee said that he would need to look into it. Kevin pointed out that the Trust will not have any employees and that the management company will have its own liability insurance for theirs. Paul said that the property was not in a flood hazard area; it is high enough and could be an add on. It is limited coverage. The Town Manager said that we need something by closing. Tom Donegan asked if insurance was exempt from procurement requirements? The Town Manager said that, yes, it is. Tom said that may want to go out for bids in the future to compare. Paul said that the minimum is for 3 months, 25% of the overall costs.

Tom Donegan MOVE to accept the BY&D proposal as presented; Rob Anderson second; approved 5-0. Under discussion Paul said that it is written for 1 year, billed in 30 days. You can cancel whenever but won't get that 25% back.

**Harbor Hill Management:** Michelle Jarusiewicz indicated that this item will be bumped to future agenda item as the Town is still negotiating contract with CDP. She was working on language with the Finance Department about cash flow, accounts, etc. David Panagore said that the process to pay bills can be long. Usually there is a sub-account that the Management Company pays from, but we can pay within 1 week. The Board could delegate Michelle Jarusiewicz to sign vouchers on existing budgets within threshold to sign bills; she would report back to the Board what was paid. Tom Donegan said that within the budget was great but not the lawyer

bills. Kevin Mooney said that he was in favor; maybe there should also be a backup person. David Panagore also said that there would be an audit trail. Laura Shufelt asked if there would be an audit? Yes, as a sub-component of the Town's. Kevin Mooney indicated that the CDP proposal is higher than the estimate leading to about \$200,000 annual cost but several items were being tweaked such as a \$3,000 per month towards reserves which would actually be capped at a total of \$5,000 unless otherwise approved or used. Language is still under discussion. Tom asked is this was very expensive for management? Laura Shufelt said that it is in line with Province Landing and within 10% of Stable Path's numbers. They have additional reporting requirements and the CDPs admin is heavy; it could be back office expenses. Kevin also noted that they built in a 2% annual increase, our pro-forma had it at 3%.

**Furniture:** Michelle Jarusiewicz described the 2 options for disposal of the furniture – the estate sale model and the online auction model.

### **Harbor Hill Furniture & Fixtures Disposition**

8/20/18

*Harbor Hill has 26 condominium units full of furniture and other household items. The Trust has had many discussions about disposition of all the furniture and items at Harbor Hill with potentially offering first dibs to tenants, offering some items to local non-profits, or having one giant yard sale. Timing is an enormous consideration. Renovation construction work starts in September/October, the furniture will be in the way, and lack of storage space. The lottery for tenant selection will be in November. We don't have the capacity to conduct the giant yard sale. But in that concept, I have contacted a couple of Cape estate sale companies and I think that is the path to pursue.*

### **Estate Sale Model:**

*One company indicated that they don't do this size project and recommended another company that I have been in touch with that does. I have started conversations with that company.*

*The way it works...*

*They make a site visit and evaluate the items for sale and scope [we may need more than 1 weekend].*

*We book a date or dates –NOTE that it is typically a weekend and their first available is October 12/13.*

*They go in the week in advance and organize and price items; they take pictures and post on websites with distribution to about 7000 people. We would advertise locally as well.*

*They have teams of people that work with the buyers on the sale dates.*

*They produce receipts for each item sold with one going to us.*

*Their teams help move things out of the buildings and they offer deliveries for a fee to the buyer.*

*What remains is disposed of – we would need to plan for that.*

*Their minimum fee is \$3,500 but if sales exceed \$11,500 it becomes 30% OF SALES.*

*We could still offer items to local non-profits either in advance of the sale or at the end.*

### **Auction Model:**

*I contacted and spoke to David Cazeault at Auctions International Inc. The services provided are different than the estate sale approach. The auction approach has Mr. Cazeault [or other] visit the site & creates lots [groupings] of items or individual items, takes photos and puts them in an on-line auction. The online auction is up for 2 weeks, the high bidder is registered, the owner can accept/reject/counter offer each bid item .*

*Once bid is accepted, the bidder has a week to pay and another week to pick up the item; so 1 month from initiation of actual online auction.*

*The company gets 7% add on to the sale price [if item is \$100, they get additional \$7 from the buyer] plus a lot fee by the seller.*

*I recommend the estate sale approach because:*

- *The auction approach does not offer first hand visual for buyers, does not offer moving pieces from a room to the driveway, does not offer option for delivery for buyer.*

- *The auction approach does require more owner time to accept/reject/counter bids. It also requires the owner to coordinate pick-ups which presumably will be on a variety of days/times.*

*The Trust will need to declare the items as surplus.*

The Town Manager asked when this could happen? General bids are due 9/11/18; it will take about a month to finalize contract and few more weeks to be on-site. During the phone discussion with Stem to Stern, they did have mid-October weekend available. Tom Donegan asked if we could sell mattresses? Laura Shufelt said that HAC has a warehouse for mattresses for free.

Tom Donegan MOVE that the Trustees may declare some or all of the personal property to be acquired as part of the acquisition of the Property to be surplus and may thereafter dispose of such surplus property on such terms and conditions as the Trustees may deem to be in the best interest of the Trust; Rob Anderson Second; approved 5-0.

Tom Donegan MOVE that the Housing Specialist have authority to proceed with estate sale at Harbor Hill; Rob Anderson Second; approved 5-0.

*Lee Smith signed off of conference call 6:55 pm.*

**LDa Amendments:**

***Attached you will find amendment request from LDa for additional services at Harbor Hill. This will amend the base contract to \$279,949.18.***

The original contract award amount was	\$221,862.00
Amendment request for additional service	\$58,087.18
Final contract fee:	<b>\$279,949.18</b>

Add #1: Furniture Inventory	\$6,400
Add #2: Hazmat Evaluation	\$8,285
Add #3: D/E Sewer Phase 2	\$19,902.18
Add #4: MAAB Variance & Special Permitting:	<u>\$23,500</u>
Total	\$58,087.18

Tom Donegan MOVE to approve the LDa amendments as presented for total contract not to exceed \$279,949.18; Kevin Mooney second; approved 5-0.

*Town Manager David Panagore leaves 7:05 pm.*

**Invoices:**

***Attached you will find the following invoices for your approval:***

KP LAW:	\$5,582.50	Invoice # 116387 [5/1/18 – 5/16/18] Legal services Harbor Hill
Locke Lord:	\$45,000	Invoice # 1422333 [6/28/18] Bond Counsel
Gatehouse Media	\$1,818.40 151.20	account #31264 – applications available account #PT0153870 Bid ads

Harbor Hill advertising August & September

LDa:	\$22,758.96	Invoice #4 [3/31/18-4/27/18] Base contract
	\$38,178.40	Invoice #5 [4/28/18-6/29/18] Base contract
	\$6,320.81	Invoice #1_RVSD [7/27/18] Furniture Inventory*
	\$7,626.25	Invoice #1/#2 [7/27/18] Fuss& O'Neill: Haz Mat evaluation*
	\$13,597.66	Invoice #1/#3 [7/27/18] Horsley Witten Group: sewer Ph 2*
		*Additional services

Tom Donegan MOVE authorize payments for KP Law, Locke Lord, Gatehouse Media, and LDa as presented; Nathan Butera second; approved 5-0.

**Minutes:** none

**Next meeting:** Thursday, 9/6/18 at 4:30 pm

Note: Nathan away 9/5-9/13, Kevin 9/4-9/5, Chris 9/17-9/21

Adjourned 7:15 pm

*Minutes by: Community Housing Specialist Michelle Jarusiewicz*

# Harbor Hill Rental Housing Information

Preliminary 8/8/18 rev

In accordance with the enabling legislation and town meeting votes, Harbor Hill targets middle and market rate income levels. Tenants of Harbor Hill must certify that this is their sole domicile. Any co-habitant must be part of the application. Appropriate size & type of household get priority; for example, 1 person per bedroom, therefore household of two or more will get priority for a 2-bedroom unit. No short-term sublet is ever allowed such as “airbnb” or “homeaway.” Any such sublet will be grounds for immediate lease termination and eviction.

Almost all units are multi-level with open concept living-room, kitchen, and dining area.

All units have a washer & dryer.

Utilities are paid by tenant; electric heat.

Apartments are non-smoking.

Non-exotic pets are allowed with written approval.

OPTION: Parking available at additional fee of \$20 per month.

\*AMI: Area Median Income; FY 2018 for Barnstable County

	# BR	# Bath	Description	net SF	Target	Income Eligibility					Rent
					AMI* %	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	
<b>Bldg #4 8 HH</b>											
Unit 4-1	2	2.5	Lower 2 levels 2 BRs on same lower level	1027	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
Unit 4-2	2	2	Upper 2 levels 2 BRs on separate levels	1000	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 4-3	2	2.5	Lower 2 levels 2 BRs on same lower level	1021	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 4-4	2	2	Upper 2 levels 2 BRs on separate levels	947	160-200	120,680	137,920	155,160	172,400	186,192	\$2,900
Unit 4-5	2	2.5	3 levels 2 BRs on lower level; loft on 3 <sup>rd</sup> level	1204	160-200	120,680	137,920	155,160	172,400	186,192	\$2,900
Unit 4-5A ADA	New studio	1	Single level; accessible	405	80-100	60,340	68,960	N/A	N/A	N/A	\$1,225
<b>Bldg #5 4 HH</b>											
Unit 5-21	1	1	Lower level 1 BR on same level	661	100-120	72,408	82,752	N/A	N/A	N/A	\$1,650
Unit 5-22	2	2	Upper 2 levels 2 BRs on separate levels	1087	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 5-23	2	2	Lower level 2 BRs on same level	1138	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 5-24	3	3.5	Upper 2 levels 3 BRs on 2 separate levels	1980	140-200	120,680	137,920	155,160	172,400	186,192	\$3,600
Unit 5-25	1	1	Lower level	682	120-140	90,510	103,440	N/A	N/A	N/A	\$1,950

					Target	Income Eligibility					
	# BR	# Bath	Description	net SF	AMI* %	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	Rent
			1 BR on same level								
Unit 5-26	2	2	Upper 2 levels 2 BRs on separate levels	1029	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
<b>Bldg #6 3 HH</b>											
Unit 6-6	2	2	Upper 2 levels 2 BRs on separate levels	961	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
Unit 6-7	2	2	Lower 2 levels 2 BRs on same level	1048	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 6-8	2	2	Lower 2 levels 2 BRs on same level	1095	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 6-9	2	2	Upper 2 levels 2 BRs on separate levels	937	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 6-10	2	2	Lower 2 levels 2 BRs on same level	1048	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 6-11	2	2	Upper 2 levels 2 BRs on separate levels	961	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
<b>Bldg #7 37 Brad St Ext</b>											
Unit 7-12	2	2	Upper 2 levels 2 BRs on separate levels	932	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 7-13	2	2	Lower 2 levels 2 BRs on same level	1042	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 7-14	2	2	Upper 2 levels 2 BRs on separate levels	905	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
Unit 7-15	2	2	Lower 2 levels 2 BRs on same level	1052	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 7-16	2	2	Upper 2 levels 2 BRs on separate levels	877	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
Unit 7-17	2	2	Lower 2 levels 2 BRs on same level	970	100-120	72,408	82,752	93,096	103,440	111,715	\$1,950
Unit 7-18	2	2	Upper 2 levels 2 BRs on separate levels	906	120-140	90,510	103,440	116,370	129,300	139,644	\$2,300
Unit 7-19	1	1	Lower 2 levels 1 BR lower level	765	140-160	96,544	110,336	N/A	N/A	N/A	\$2,100
Unit 7-20	2	2	Upper 2 levels 2 BRs on same level	1034	140-160	96,544	110,336	124,128	137,920	148,954	\$2,500
Unit 7-20A ADA	1 new	1	Single level; accessible	741	80-100	60,340	68,960	N/A	N/A	N/A	\$1,300



**Provincetown Year-round Market Rate Rental Housing Trust**  
*Town of Provincetown*

<b>Policy</b>	<b>Company</b>	<b>Expiration Date</b>	<b>Est Annual Prem</b>
<b>Commercial Package Policy</b>	Lloyds of London	9/1/2019	\$ 39,362.16
<b>Directors &amp; Officers Liability</b>	Great American	9/1/2019	\$ 1,743.00
<b>Commercial Excess Policy</b>	Scottsdale Insurance Co	9/1/2019	\$ 3,900.00

**Commercial Package**

<i>Property</i>	Building and Business Income Blanket Per SOV	\$ 10,895,450.00
	Equipment Breakdown	\$ 10,169,950.00
	Replacement Cost Valuation	
	Agreed Amount	
	Special Form of Coverage	
	Deductible	\$ 2,500.00
	Wind Deductible per Building	\$ 25,000.00
	Backup of Sewers and Drains	\$ 25,000.00
	Ordinance or Law Coverage	\$ 1,000,000.00
<i>Liability</i>	Each Occurrence	\$ 1,000,000.00
	General Aggregate	\$ 2,000,000.00
	Medical Payments	\$ 5,000.00
	Deductible (includes loss expenses)	\$ 500.00
	Hired and Non-Owned Auto	\$ 1,000,000.00
<i>Protective Safeguards</i>	Smoke Detectors	
	Domestic Water Shut Off	

**Refer to the policy for the actual coverage an limits. Above premiums do not include Terrorism Coverage**

**Other Coverage Recommendations**

Worker Compensation Coverage  
 Employment Practices Liability  
 Crime/Employee Dishonesty  
 Flood  
 Earthquake