

Provincetown Year-Round Rental Housing Trust Board of Trustees

Minutes: May 22, 2019

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

6:32 p.m.

YRRT Members Present: Kevin Mooney, Nathan Butera, Chris Andrews

Excused: Doug Cliggott

Staff: Community Housing Specialist Michelle Jarusiewicz; Acting Town Manager David Gardner, Finance Director Josee Cardinal Young, Treasurer Alexander Williams

By Phone: Lee Smith/KP Law

Public Statements: none

Harbor Hill Update: Michelle Jarusiewicz summarized her memo regarding the construction contract, financing, and Finance Director's concerns:

As you may recall on March 14, 2019, the Trust met and approved award of a contract to NEI for the renovation of Harbor Hill. I have attached the various spreadsheets and recommendation from LDa comparing the 3 bids and add alternates. Town Manager David Panagore was present for the discussion and vote which included cash flow over the next few years given estimates for other expenses and debt payments. The Town Manager and the Trust discussed the need for additional funds and recommended such a request be presented to a fall 2019 Special Town Meeting. There was also discussion of Spring 2020 as an alternate but he did not recommend that. He indicated that there may be free cash at that time but that there were other matters to consider as well such as the police station. The discussion also included new revenues for consideration such as the new "airbnb" room tax revenue as an appropriate source of additional funds. The Trust and Town Manager also discussed the option to sell a unit or two. This was followed by general discussion of uniqueness, municipal sale process under 30B, and establishing a condo association in advance.

As you may recall our goal was at a minimum, to fund the base bid and add alternate #1 for the required sewer connection to buildings #4 and #7. The Trust awarded the contract to NEI with the base bid and add alternates 1, 2, & 3 for \$2,674,286 to be funded from the bond, the Trust's money, and the grant for \$250,000. The Trust also voted to allow the Chair to explore potential sale of 1 or 2 units which I emailed to KP Law on 3/15/19. The Town Manager issued notice of award to NEI on March 20, 2019 for \$2,674,286.

Last week as I tried to wrap up the NEI contracts, I realized that I did not have the Finance Director's signature. I brought them to her, also forgetting to tell her our funding plan [Trust Fund and grant]. On Monday, the Finance Director indicated that she would not sign as there were insufficient funds to cover all expenses through FY 2020. When we sat to discuss, the Finance Department approached the math differently. Our math included paying 2 debt service payments [June 2019 & December 2019], various expense estimates, and revenues. As you know, all of these are estimates that we update as best we can when we get real numbers. Their math added June 2020 [\$389,403] and only included the revenue from signed leases. Attached is a revised fund balance with that scenario and estimated expenses. With the potential for a June STM, it was suggested that some article be placed on the warrant to either request additional funds to cover the third bond payment and/or to sell a unit to the Town if they are interested [in lieu of the rental set-aside for Town Manager/Senior Staff] and that she would hold her signature until then. This would delay the project [and availability of rental units] and potentially lead to other costs as the contractor will not proceed further without a contract.

It is my understanding that Town Counsel spoke to Bond Counsel yesterday and said that we only had to plan for the 2 debt service payments.

Members had discussion with Lee Smith about property status. Attorney Smith relayed that the petition to remove the property from Land Court to the Registry of Deeds is underway and should be done in about 60 days [end of July] – this is the first step prior to creating a condominium. The creation of condo deeds takes about a month. KP Law could start drafting now in order to be ready for the Land Court procedure to be completed. Need to create a master deed and condo docs; may need new plans. Then at time of sale create individual deeds for unit. David Gardner inquired about an estimate for the legal costs associated with this. Lee will email an estimate.

Michelle Jarusiewicz brought up the Trust's annual public hearing [PH] discussed at the last meeting and scheduled for June 25th. With a potential Special Town Meeting [STM] on June 24th which may include warrant articles about acquisition of a unit by the town and additional funding sources for the Trust, the timing is off. In order to meet the legal advertising requirements, the soonest the PH could take place would be Thursday June 20th or Friday June 21st [to be in advance of the STM]. Kevin Mooney indicated that he would be out of town June 19 -21, 2019 and not available. In order to have a quorum all other 3 members must attend; while member Doug Cliggott would be back from his vacation it is unknown if he is available. Other options include conducting the required annual PH at a future date and having a different meeting in advance of STM.

Alexander Williams inquired about a potential request to STM for a transfer to the Trust from free cash. Josee Cardinal Young said that she is required to encumber funds for the Trust, that the debt must be paid, and that she doesn't want to run out of money. She was holding to making three payments of the debt service. Kevin Mooney indicated that the budgetary impacts and need for additional future funds was not a surprise or a secret. He personally doesn't want to go to STM in June; the plan was for a fall STM when more would be accomplished. He would prefer to sell a unit.

Nathan said that if the Town wants to buy a unit, he would support that.

Josee said that another future funding source would be to do what Chatham is doing. The Land Bank expires in 2020; it could be replaced with another type of funding for housing; maybe \$300,000 annually.

David Gardner indicated that the Select Board meets tomorrow to call for a Special Town Meeting for June 24th; tentative articles have been drafted.

Kevin Mooney asked how we determine "fair market value?" Lee indicated that he didn't think the legislation required an appraisal, maybe an opinion of value would work. Assessor?

Kevin Mooney thought the sale of a unit was the cleanest path.

Lee Smith expressed concern with the delay to the contract. The contractor could walk. Rebidding puts an unknown price in the market it also delays getting the units on line. If the contractor ordered materials, could require compensation. Michelle Jarusiewicz stated that delaying the contract will potentially prevent units being available in the fall; especially the early fall as we were requesting. Spring and fall are the key times for significant housing need as people must move out of their winter or summer rentals. The current timeline had a few units coming online in September followed by additional units each month through December. Delays could lead to additional costs as well.

Josee requested additional information and estimates of future expenses including legal and other expenses; ask CDP for a FY budget. Preparing info for Open Gov need list of buildings and units and which are rented. Also need to break out construction expenses in past CDP bill.

David Gardner asked if we need the specific unit to be made available for Town Manager/Senior Staff? Lee indicated that they could potentially lease one unit and relocate to different unit later. Member discussion indicated looking at the other buildings, 4, 6, & 7. Kevin Mooney suggested consideration of Building 4 unit 5 which is a two-bedroom with loft for sale to the Town.

Kevin Mooney MOVE to support an article to fund the purchase at fair market value by the Town of a 2-bedroom condo, Unit 4-5, at Harbor Hill using free cash for Town Manager or Senior Staff at this June STM; second Nathan Butera; approved 3-0.

Kevin Mooney MOVE to request from the Select Board a re-apportionment of room tax revenue before a fall STM in order to determine if this is an appropriate funding source; second Nathan Butera; approved 3-0.

Discussion included the timing and making the interest known as others are also interested in the funds

Alex Williams asked if the Town bought a unit and wanted to sell it in the future, would it be restricted? David Gardner said that the vision was if not needed for the Town Manager, it could be used by other senior staff like a Town Engineer. Michelle Jarusiewicz said that previous discussions did not include restricting it as that would impact the sale value. Nathan Butera said sale value also impacted by being surrounded by town-owned community housing.

Public Hearing timing to be discussed at next meeting; maybe future; maybe a regular meeting for update in meantime.

Josee indicated that there was about \$1,000,000 in free cash at this time due to police station vote.

Next meetings: Tuesday, May 28th at 5:30 pm;
 Tuesday, June 11th at 5:30 pm;
 Tuesday, June 28th at 5:30 pm

Adjourned 7:37 pm

Minutes by: Community Housing Specialist Michelle Jarusiewicz