

Provincetown Year-Round Rental Housing Trust Board of Trustees

Minutes: February 23, 2017 EXECUTIVE SESSION

Caucus Hall, Town Hall, 260 Commercial Street, Provincetown

5:00 p.m.

YRRT Members Present: Tom Donegan, Kevin Mooney, Chris Mathieson, Chris Andrews, Rob Anderson [5:16 pm]

Board of Selectmen: Raphael Richter, Cheryl Andrews, Tom Donegan, Erik Yingling

Staff: Town Manager David Panagore, Community Housing Specialist Michelle Jarusiewicz, Assistant Town Manager David Gardner, BOS Secretary Liz Paine, KP Law John Giorgio

Tom Donegan called the Year Round Rental Trustees to order at 5:02 pm.

Raphael Richter called the Board of Selectmen to order at 5:02 pm

Public Statements: none

Erik Yingling MOVE that The Board of Selectmen vote to go into Executive Session with the Year Round Rental Trust pursuant to MGL c30A, Section 21(a), Clause 6 for the purposes of: Clause 6 – To consider the purchase, exchange, lease or value of real estate, if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, and the Chair so declares, Harbor Hill's Condominium and Timeshare Resort and not to convene in open session thereafter;
second Cheryl Andrews.

Roll call vote:	Cheryl Andrews	aye
	Raphael Richter	aye
	Tom Donegan	aye
	Erik Yingling	aye

Approved 4-0.

Tom Donegan MOVE that The Year-Round Rental Trust Board of Trustees vote to go into Executive Session with the Board of Selectmen pursuant to MGL c30A, Section 21(a), Clause 6 for the purposes of: Clause 6 – To consider the purchase, exchange, lease or value of real estate, if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, and the Chair so declares, Harbor Hill's Condominium and Timeshare Resort and to reconvene in open session thereafter;
second Chris Mathieson.

Roll call vote:	Chris Mathieson	aye
	Kevin Mooney	aye
	Tom Donegan	aye
	Chris Andrews	aye

Approved 4-0.

Moved from open session to executive session at 5:03 pm.

Counsel Walter Paulekas and Peter O'Connor joined by phone.

Town Manager stated that we submitted the Green Light letter materials today and thanks to staff for all their hard work.

John Giorgio indicated that we will need certified copies of all votes.

Members reviewed red-lined memo from Walter Paulekas outlining bid strategy.

Chris Mathieson said that if we sell building #5, which is very valuable, could bid higher; it would put the Trust in better position. The Town Manager said that if no improvements, we could sell within about 3 months. According to Chris Mathieson's numbers, the value could be \$3,676,235 – there would be \$1.26 million profit.

Walter Paulekas said that he has been involved in thousands of sales; there is always some unknown. The Town is not a private developer; can't go to market like a private developer. There is no ability to be flexible. The RFP process never gets the highest price. The Town is the highest bidder; there is one other bid that is equivalent to the appraisal.

Tom Donegan said that the pro-forma committed top price of \$9.1 - \$9.2 million. He received unsolicited calls about building #5. There is interest in building 5. The Trustees could sell as soon as possible and deliver 20 units. More risk. Believes we would break even at least. He proposes sell only if we have to; Tom and Kevin Mooney on board with that approach.

Chris Mathieson said that at \$10.5 million acquisition, \$362 per SF there were some options that could reduce total debt and operating loss. Kevin Mooney said that with \$10.5 million acquisition, total renovation budget without building #5, scenario C with 20 units could be \$7.9 million loan amount and \$104,000 operating subsidy per year. If sell at cost, \$190,000 annual subsidy.

Erik Yingling thanks for the numbers. He doesn't want us to get into emotional bidding against ourselves. He is OK with selling building #5 but only if we have to. Cheryl Andrews agrees. If #5 is worth \$3.8 million – why didn't they bid?

Discussion about the auction and when to step out at what price \$9.2? \$10-million? Trust could go to \$10 and offload #5. The Town Manager expressed concern about that which would leave only few hundred thousand for repairs; it squeezes the reserves. Selling will take time and need funds to do the repairs. If anything goes wrong could be a deficit. The timing has to be perfect. Chris Mathieson said that he doesn't believe it will be \$10 million. At \$8.8, the ROI is about 31.3%; developers look for 40 to 50% ROI. He just wants flexibility. Walter indicated that he understood the arguments. Appraisal at \$6.7; remodeled at \$8.1. Developer would look for 50% return. We know there are 2 competing bidders. From town meeting discussion, could easily go to \$9-million; \$10 million is a stretch. If \$9 to \$9.5 million has degree of comfort, probably that could be exit strategy. Raphael Richter understood that the Trustees are working on assumptions; cash flow concerns; probably comfortable with \$9.2 +, but not \$10.5. John Giorgio said that what if say \$8.5 and all others dropped out, would that be acceptable? Yes. Some discussion about potential for future eminent domain taking, increase costs and risks.

Chris Mathieson MOVE that the Year Round Rental Trust cap the bid amount at \$10-million; Kevin Mooney second;

Roll call vote:	Chris Mathieson	aye
	Kevin Mooney	aye
	Tom Donegan	aye
	Chris Andrews	aye
	Rob Anderson	aye

Approved 5-0.

Raphael Richter MOVE that the Board of Selectmen ratify the Trustees' cap of \$10-million; Tom Donegan second;

Discussion about supporting town meeting's goal to acquire and not lose property to top-end developer; concern about too high amount and live auction. The Town Manager said that there would be cash flow issues and higher risk; could have nothing left in the bank; agrees with \$9.25 million. Michelle Jarusiewicz pointed out that a cash flow issue could push out the construction timeline.

Raphael Richter WITHDRAWS motion – he was hoping for unanimous BOS vote.

Raphael Richter MOVE that the Board of Selectmen endorse a bidding strategy which sets the upper limit at \$9.5 million; Second: Erik Yingling.

Roll Call Vote:	Erik Yingling	aye
	Cheryl Andrews	no
	Tom Donegan	abstain
	Raphael Richter	aye

Vote: 2 in favor, 1 against, 1 abstention

Rob Anderson MOVE to authorize Thomas Donegan, the Chairman of the Provincetown Year-Round Market Rate Rental Housing Trust, to exercise his discretion in participating in the final-round auction for the purchase of the Harbor Hill at Provincetown Resort which will take place on February 27, 2017 in the U.S. Bankruptcy Court for the District of Massachusetts, or such later date should the Court continue the auction. In exercising his discretion, the Chairman is directed to limit the final bid for the Harbor Hill at Provincetown Resort to no more than \$10,000,000. I further move to authorize the Chairman to obtain a certified copy of this vote from the Town Clerk and to deliver said certification to the Town's Bankruptcy Court special counsel and to authorize said counsel to release and submit the certification to the Bankruptcy Court if necessary; Second: Christopher Mathieson

Roll Call Vote: Chris Andrews: aye

Kevin Mooney: aye
Rob Anderson: aye
Tom Donegan: aye
Chris Mathieson: aye

Approved 5-0

General discussion of various numbers for multiple envelopes for bid strategy.

Tom Donegan MOVE to authorize the sealed bid strategy to include envelopes as follows: #1 \$8,101,621; envelope #2 \$8,516,201; and envelope #3 \$8,901,620 in participating in the final-round auction for the purchase of the Harbor Hill at Provincetown Resort which will take place on February 27, 2017 in the U.S. Bankruptcy Court for the District of Massachusetts, or such later date should the Court continue the auction; Second: Christopher Mathieson

Roll call vote: Chris Mathieson aye
Kevin Mooney aye
Tom Donegan aye
Chris Andrews aye
Rob Anderson aye

Approved 5-0.

Raphael Richter MOVE that the Board of Selectmen endorse the Year Round Rental Trust Board of Trustees sealed bid strategy; second: Erik Yingling

Roll Call Vote: Erik Yingling aye
Cheryl Andrews aye
Tom Donegan aye
Raphael Richter aye

Approved 4-0.

Erik Yingling MOVE that The Board of Selectmen vote to adjourn from Executive Session; Raphael Richter second

Roll call vote: Cheryl Andrews aye
Tom Donegan aye
Raphael Richter aye
Erik Yingling aye

Approved 4-0.

Tom Donegan MOVE that The Year-Round Rental Trust Board of Trustees vote to adjourn from Executive Session and reconvene in open session; Chris Mathieson second

Roll call vote: Chris Mathieson aye
Kevin Mooney aye
Tom Donegan aye
Chris Andrews aye
Rob Anderson aye

Approved 5-0.

Adjourned from executive session at 6:50 pm into regular session.

Minutes by: Community Housing Specialist Michelle Jarusiewicz