

CONFIDENTIAL

EXECUTIVE SESSION

**February 27, 2012
6:00 p.m. in Room 204**

Present: Mr. Gowing, Ms. Harting-Barrat, Ms. Adachi, Mr. Clough, Mr. Sonner, Town Manager Ledoux, Recording Secretary Christine Joyce, Assistant Town Manager John Murray, Finance Committee Vice Chairman Doug Tindal. The Executive Session was not televised.

Mr. Ledoux learned from Mr. Tindal that the Strawberry Hill Building office building, located at 289 Great Road, is in bankruptcy. With 78,400 ft², the building could potentially accommodate not only Town Hall offices, which are the subject of a FY13 capital request, but the Senior Center.

Mr. Tindal saw the notice in the Beacon and went to the auction. The top bid was \$3.25 million (face value \$5 million), which amounts to \$38/ft² and is a great price. He thinks the building is close to the nadir cost-wise and will not be this cheap again. He noted that the proposed new Senior Center would have an estimated cost of \$7 million. The Great Road building dates to the 1980s and is in good shape, requiring only minor repairs. It has two wings, with services in the core. The space is flexible and could be subdivided by function; the Town needs under 50K ft², so the Town also could use a portion and lease a portion. The current occupancy is 35K ft², with leases expiring in 2014. There is room on the property for additional outbuildings, parking, etc. What's wrong with the building? As a location for a commercial operation, it's a Class B office building; and Great Road has heavy traffic. As part of its due diligence, the Town would need a Phase I environmental study; there is a vernal pool somewhere on the property. The building is about 300' from the location of the Bruce Freeman Rail Trail.

Mr. Tindal suggested that the Town could lease out the Great Road building until the Town was ready to use it. The owner, which is a mortgage pool that acquired the building mortgage from Wells Fargo, can take one of three approaches: 1) sell the property directly; 2) shift the property to real-estate owned (REO) for an organized sale that will take two months; 3) keep the property after completing due diligence. Earnest payment would require about 20%. Given that the Town must pay prevailing wage, perhaps the owner should hire people to do any necessary work. Mr. Tindal said that the property has been in receivership since last spring and brokers probably are shying away from showing it. Once the building situation is stable again, brokers will resume showing it.

Mr. Gowing noted that if the available space was divided between the two wings, the configuration might not work for the Town. What then? Mr. Tindal said the Town should start due diligence to keep the owner from getting Flatley involved or going to REO, and get an architect working on options to see if the building would be viable space. The architect needs to be someone experienced in retrofitting commercial space.

Board members asked about the capacity for food preparation and water needs for Senior Center usage. Mr. Tindal said due diligence would cover issues such as commercial kitchen capacity, septic system, electrical use, etc.

Reviewed JA

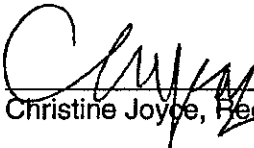
Mr. Murray said that the down payment could come out of the budget, but how much the Town realistically can afford to put down is a question for Mr. Ledoux. If the Town bonded, it could put money on the table the next day; bonding would have to occur before 6/30 and acquiring property and bonding would require a 2/3 vote. Leasing would fall under Chapter 30B and would require that the Town bid; the Town would have to pay taxes on the part of the building being leased but would get money either way. A lease of greater than 10 years requires a 2/3 vote.

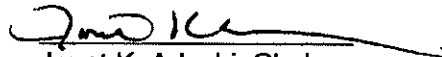
There was discussion of what the Town would do with Town Hall and 468 Main. The cost of Town Hall maintenance is \$56/day and of 468 Main is \$6/day.

If an EDIC bought the property, it would be taxable.

Mr. Clough – Move to authorize Mr. Tindal to continue anonymous inquiries on behalf of the Town, and the Town Manager to expend up to \$25K for preliminary due diligence. Second. Clerk roll call: Ayes, 5, Nays, 0. UNANIMOUS VOTE.

Ms. Harting-Barrat – Move to come out of executive session into the regular public meeting. Ms. Adachi – Second. Clerk roll call: Ayes, 5, nays, 0. UNANIMOUS VOTE.


Christine Joyce, Recording Secretary


Janet K. Adachi, Clerk

Date: 7 May 2012