

To: Town Meeting Members

Re: Article 31 – Disposition of Wright Locke Farm

I am submitting this letter to Town Meeting as a minority report of the Board of Selectmen.

History

The Town received notice that the Wright Locke Farm property was under agreement to be sold to Avalon Bay. Avalon Bay's proposal, (40b) was to construct approximately 260 residential units.

Chapter 61A of the Massachusetts general laws requires a land owner to notify the Town of the agreement to sell the land and provides the Town the option to purchase the property within 90 days under the same terms and conditions. The farm consists of approximately 20 acres and was being sold for \$13,600,000.

The Selectmen issued a RFP in December 2006 to sell a portion of the property. The area that was considered the farm at the time (approximately 7.5 acres) was excluded from the RFP process. The Town received ten bids. Abbott Real Estate Development, LLC submitted a bid that would allow the Town to pay down 100% of the loan. Ultimately the Abbot Development was reduced to only 62 units.

A special Town Meeting was called for February 26, 2007 at which time authorization was given to purchase the farm for \$13.6M subject to the passage of debt exclusion override. Town Meeting also voted to authorize the Selectmen to exercise the Town's right of first refusal for the agricultural land as provided for in MGL Chapter 61A Section 14. Additionally Town Meeting authorized the Selectmen to negotiate with the bidders who had responded to the December 2006 RFP and bring back a proposal to Town Meeting for approval. **The minimum amount was set at \$7M.**

March 13th the override for the purchase of the farm was passed by the residents of the Town

A Special Town Meeting was called for June 4, 2007. Taurus and Abbot/ Engler designated as finalists for the proposed disposition of Wright Locke Farm. **Minimum sales price set at \$10,000,000.** Board of Selectmen authorized to purchase 82 Ridge Street for \$500,000.

Wright Locke Farm was purchased by the Town on July 16th 2007

The Fall 2007 Town Meeting authorized the Board of Selectmen to sell the same portion of 78 (12.5 acres) as was the subject of the 2006 RFP and the subject of the most recent RFP and 82 Ridge Street for \$14,100,000 to Abbot Development.

The Spring 2008 Town Meeting created The Wright Locke Farm Master Planning Committee to make recommendations on the use of the remaining property after the Abbot Development was completed.

Spring 2009 Town Meeting authorized the placement of a Historic Preservation restriction on the exterior farmhouse, barn, ice house and garage.

Fall 2011 Town Meeting – authorizes a 30 year lease of 7.6 acres of the 20 acre parcel to the Locke Wright Farm Conservancy. The farm house, barn and other historic buildings are located on this portion of the property. There was no payment of funds for the 30 year lease of 7.6 acres of land.

The Board terminated the Development Agreement with Abbott in 2011 because Abbott failed to perform. Abbott forfeited \$1.6M in deposits.

In 2011 the Board issued another RFP for 12.5 acres. Five proposals were received. The Board rejected all 5 proposals after careful review.

Town Expenses to-date

Since the purchase of the property in 2007 the Town has incurred significant expenses which include debt service payments (principal and interest), water sewer charges, insurance etc. The debt service (principal, interest and closing costs) that has been paid to-date are approximately \$1.5M. The principal balance outstanding is approximately \$12M which takes into account the two \$800,000 non-refundable deposits that were made by Abbot.

Purchase Price	\$14,100,000
BAN interest	\$867,361
Estimated issuance costs	\$200,000
Water / Sewer Costs (Conservancy)	
Insurance Coverage	
Total Expenses	\$15,167,361
Abbot Non-refundable Deposits	\$1,600,000
Interest Reimbursed by Abbott	(\$57,000)
Amount required to hold Winchester taxpayers harmless	\$13,510,361

Recurring Tax Revenue

Helios' proposal, once fully constructed, is expected to produce \$500,000 to \$700,000 in annual tax revenue. This represents \$10,000,000 to \$14,000,000 over a twenty year span (once construction has been completed). It is unknown as to when the tax revenue will commence due to construction schedules and delays due to any appeals.

The Land Trust proposal produces no recurring revenue other than a nominal amount if the 2 or 3 building lots are developed.

The Town's current financial projection shows that there will be significant challenges facing the Town. A general override is already being discussed by some as the solution. I do not feel that the Town has the financial resources to forfeit significant recurring tax revenue.

The current financial projection assumes that the School budget increases by 3.5 to 4% (including wage adjustments) for salaries and 1% for other expenses. Budgets will be getting tight over the next few years and any additional tax revenue, even if it is delayed 3-5 years out, will help.

2014 RFP for the Disposition of the Wright Locke Farm

In 2014 the Board of Selectmen issued another RFP to sell or lease 12.5 acres. The RFP was structured to:

1. **Only allow a HIGHLY ADVANTAGEOUS** score if there is no development up to 26 units. Anything more than 26 units would be considered **ADVANTAGEOUS or LESS ADVANTAGEOUS**
2. **Only allow a HIGHLY ADVANTAGEOUS** score if the proposal a development plan that supports the Wright Locke Farm Conservancy as a historical educational, agricultural and open space resource for the Winchester Community and contains a good faith offer to sell or lease a minimum of lot 1a (1.1 acres).
3. **Only allow a HIGHLY ADVANTAGEOUS** score if the development plan balances the development and preservation preferences of the abutting neighborhoods, the Wright Locke Farm Conservancy and the Town and conforms to underlying zoning.
4. **That all bidders must provide a 5% housing contribution. The Helios proposal will generate approximately \$1.5M to \$2.0M in housing funds. The Land Trust recently informed the Town that they would require the buyer of the 2 or 3 building lots to pay the 5% housing contribution. This would generate a fairly insignificant housing payment to the Town.**
5. **The Land Trust is receiving a \$300,000 contribution from the Winchester Conservation Commission to preserve a portion of the land. This was not included in the RFP process and it is unknown as to what process was followed in making this decision to distribute Town Funds.**

The RFP was developed to favor no development / low development options and required that all bidders offer to sell to the Conservancy a portion of the land. The RFP was extremely restrictive and

discouraged developers from submitting more financially attractive proposals which could still be sensitive to the concerns raised by the Conservancy and abutters

I recommend the following:

Indefinitely postpone the main motion to sell the entire parcel to the Land Trust.

Put forward a motion to sell the property to Helios. The Conservancy would receive 2.5 acres of land.

If the decision is made to sell the land to the conservancy, the Board of Selectmen should be requested to issue a new RFP that would allow 1) for fewer acres to be sold to the Land Trust/Conservancy and that the balance of land be sold by the Town in order to recoup more of the taxpayer's money or 2) that the Land Trust/Conservancy take over the Town's debt service payments, holding the Winchester Taxpayers harmless.

A handwritten signature in black ink that reads "Steve Power". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Member of the Board of Selectmen

	Land Trust	Helios	Helios with recurring tax revenue
Purchase Price	\$7,900,000	\$8,360,000	\$8,360,000
Additional Development Payment	\$400,000		
Conservation Commission Contribution	\$300,000		
Additional sale (2.5 acres)		\$2,000,000	\$2,000,000
Estimated Tax Revenue (annual)	0	500-700K	\$12,000,000
Estimated Housing Contribution	0	\$1.5-\$2.0M	1,750,000
Building Permits & Fees	0	\$250,000	250,000
Total estimated revenue	\$8,600,000	\$12,960,000	\$24,360,000
Cost of municipal services	0	minimal	minimal
Estimated closing schedule / cost	60 days	2 years	\$50,000
	\$8,600,000	\$12,960,000	\$24,310,000

Town of Winchester, Massachusetts
Hamilton Farm & 82 Ridge Street Land Acquisition Borrowing History

Dated Date	Delivery Date	Type	Fund	Par Amount	Interest Rate	Gross Interest	Premium	Net Interest	Net Interest Rate (NIC)
6/21/2007	7/12/2007	New Money	Exempt	\$ 350,000	5.400%	\$ 1,102.50	\$ -	\$ 1,102.50	5.4000%
7/12/2007	7/10/2008	New Money	Exempt	13,250,000	4.250%	559,996.53	68,648.98	491,347.54	3.7290%
7/12/2007	7/10/2008	Renewal	Exempt	350,000	4.250%	14,792.36	1,813.37	12,978.99	3.7290%
4/17/2008	7/10/2008	New Money	General	450,000	2.125%	2,204.69	486.00	1,718.69	1.6566%
7/10/2008	2/4/2009	Renewal	Exempt	12,050,000	2.500%	170,708.33	52,783.02	117,925.31	1.7270%
7/10/2008	2/4/2009	Renewal	General	450,000	2.500%	6,375.00	1,971.15	4,403.85	1.7270%
2/4/2009	7/9/2009	Renewal	Exempt	12,050,000	1.500%	77,822.92	44,223.50	33,599.42	0.6476%
2/4/2009	7/9/2009	Renewal	General	450,000	1.500%	2,906.25	1,651.50	1,254.75	0.6476%
7/9/2009	7/9/2010	Renewal	Exempt	12,050,000	1.000%	120,500.00	61,093.50	59,406.50	0.4930%
7/9/2009	7/9/2010	Renewal	General	450,000	1.000%	4,500.00	2,281.50	2,218.50	0.4930%
7/9/2010	8/10/2010	Renewal	Exempt	11,595,000	split bid (1)	9,714.62	5,723.03	3,991.59	0.3998%
7/9/2010	8/10/2010	Renewal	General	425,000	split bid (1)	356.08	209.77	146.31	0.3998%
8/10/2010	12/30/2010	Renewal (2)	Exempt	11,595,000	1.000%	45,091.67	21,344.08	23,747.59	0.5267%
8/10/2010	12/30/2010	Renewal (2)	General	425,000	1.000%	1,652.78	782.34	870.44	0.5267%
12/30/2010	7/7/2011	Renewal	Exempt	11,595,000	1.250%	75,286.98	53,725.75	21,561.23	0.3580%
12/30/2010	7/7/2011	Renewal	General	425,000	1.250%	2,759.55	1,969.25	790.30	0.3580%
7/7/2011	7/6/2012	Renewal	Exempt	11,595,000	2.000%	231,255.83	197,462.84	33,792.99	0.2923%
7/7/2011	7/6/2012	Renewal	General	425,000	2.000%	8,476.39	7,237.75	1,238.64	0.2923%
7/6/2012	7/2/2013	Renewal	Exempt	11,595,000	1.250%	143,327.08	121,552.83	21,774.25	0.1899%
7/6/2012	7/2/2013	Renewal	General	425,000	1.250%	5,253.47	4,455.36	798.11	0.1899%
7/2/2013	7/2/2014	Renewal	Exempt	11,595,000	1.250%	144,937.50	124,994.10	19,943.40	0.1720%
7/2/2013	7/2/2014	Renewal	General	425,000	1.250%	5,312.50	4,581.50	731.00	0.1720%
7/2/2014	7/2/2015	Renewal	Exempt	11,595,000	0.500%	57,975.00	46,380.00	11,595.00	0.1000%
7/2/2014	7/2/2015	Renewal	General	425,000	0.500%	2,125.00	1,700.00	425.00	0.1000%
						\$ 1,694,433.02	\$ 827,071.12	\$ 867,361.90	

Principal Paydowns

Date	Fund	Amount
7/10/2008	Exempt	\$ 1,200,000
7/10/2008	Exempt	350,000
7/9/2010	Exempt	455,000
7/9/2010	General	25,000
		<u>\$ 2,030,000</u>

(1) \$500,000 awarded at 0.35% and \$11,520,000 awarded at 1.00%.

(2) Taxable.

Wright Locke Farm

Borrowing History:

Acquisition costs	14,100,000.00
Abbott payments	(1,600,000.00)
Town principal payment	<u>(480,000.00)</u>
Outstanding Debt	12,020,000.00

Town Costs:

Acquisition cost	14,100,000.00
(less Abbott payments)	(1,600,000.00)
Net interest paid	867,361.41
(less Abbott reimbursement)	(57,000.00)
Issuance costs	200,000.00
Total	13,510,361.41