



Town of Hingham Community Preservation Committee

Committee Minutes from February 23, 2016
12th meeting of the season

Members present: Bob Curley, Vicki Donlan, Scott McIsaac, Kathleen Peters, Carol Pyles, Gary Tondorf-Dick and Jim Watson. **Not in attendance:** Paul Gannon, Tony Kiernan

Bob Curley called the meeting to order at 7:05

The revised Article (not yet bearing designation VV) relating to the potential acquisition of the Lehner property was reviewed. The changes from the previous Fedraft were discussed. A copy is attached.

The Letter of Transmittal dated 2/20/16 from Mark Truran, the real estate appraiser acting on behalf of the Town, to the Open Space Committee was discussed. The appraisal set forth a market value of \$5,050,000. The extraordinary assumptions set forth in the appraisal were discussed. The term "extraordinary assumption" is a term of art used in real estate appraisals with respect to assumptions particular to the specific property being appraised.

The Committee was made aware of the Appraisal obtained by the Lehner family which set forth a market value of \$6,690,000. This appraisal was made available to the Open Space Committee for its review. The Committee was also provided information that the Lehner family has received offers for the property substantially in excess of \$5 million but those offers were not available for review.

Dan Coughlin, acting as a private citizen regularly involved in land acquisition, finance and development, presented information concerning a value validation analysis which he performed. A copy is attached. This analysis revealed that a developer would realize profit up to 94% at 60% financing. The analysis provided a data point confirming that the Town's appraisal was conservative. Mr. Coughlin also observed that the Town appraisal stated a market value as of 1/7/16 but that a closing is not anticipated until the end of December. Applying a discount rate based on data contained in the appraisal indicated that a \$5 million purchase price in December would be supported even if the appraisal was at a lower value as of 1/7/16.

A pro forma bond amortization schedule assuming a 20 year bond in the principal amount of \$4.5 million was reviewed. The annual debt service as a percentage of projected CPA revenues would be 29.1% in the first year and would decline to 12.7% in the twentieth year. Consequently, substantial CPA funds would be available annually for other projects after payment of the debt service. A copy of this schedule is attached.

Gary Tondorf-Dick and others observed that beyond market value the Lehner property had exceptional value because all of it is in the Zone II Wellhead Protection Area for the Free Street wells which provide 57% of the Town's drinking water.

Bob Curley moved that the CPC recommend the appropriation, bonding, conservation restriction and LAND Grant language set forth in the attached draft Article. Kathleen Peters seconded the motion. The motion passed unanimously.

Submitted by Bob Curley

Lehner Property

ARTICLE. VV Will the Town: (i) appropriate the sum of Five Million Dollars (\$5,000,000) to be used by the Hingham Conservation Commission under M.G.L. c. 40, § 8C to purchase the parcels of land comprised of Assessors' Map 137, Lot 1, Lot 18, Lot 21.B and a portion of Lot 23 and Assessors' Map 147, Lot 6, and to meet such appropriation (a) expend Two Hundred Eleven Thousand Eight Hundred Sixty One (\$211,861) Dollars from the Community Preservation Open Space Reserve and Two Hundred Eighty Eight Thousand One Hundred Thirty Nine Dollars (\$288,139) from the Community Preservation General Reserve and (b) authorize the Town Treasurer; with approval of the Board of Selectmen, to borrow up to Four Million Five Hundred Thousand (\$4,500,000), together with costs of the borrowing, under the provisions of MGL Chapters 44, and 44B and any other enabling authority upon such terms as the Town Treasurer and Board of Selectmen shall determine, provided that the source of repayment of such principal indebtedness and interest accrued thereon shall be the Hingham Community Preservation Fund established and maintained pursuant to the provisions of MGL, Chapter 44B; (ii) authorize, but not require, the Conservation Commission with the approval of the Board of Selectmen, to grant a conservation restriction that meets the requirements of sections 31 to 33, inclusive, of MGL chapter 184 as required pursuant to section 12 of the Community Preservation Act (MGL chapter 44B) to a nonprofit organization; and (iii) to authorize the Conservation Commission to seek reimbursement under the LAND program, (formerly known as the Self-Help Program), Chapter 132 A §11 and enter contracts therefor; or (iv) act on anything related thereto?

(Inserted at the request of the Community Preservation Committee)