

Revised

**TOWN OF FOXBOROUGH
SELECTMEN'S MEETING – EXECUTIVE SESSION
MINUTES
April 26, 2011**

Members Present: Lynda Walsh, Chairman
Larry Harrington, Vice Chairman
James J. DeVellis, Clerk
Lorraine Brue
Paul Mortenson

Others Present: Kevin Paicos, Town Manager

The purpose of this Executive Session is to discuss Real Property Negotiations and Labor Negotiations. Due to the lateness of the hour, no Executive Session Minutes were reviewed.

Kevin Paicos reported that there are some issues with the RFPs and that W&S want to have a couple of meetings before putting out an RFP. The first date for such a meeting would be May 19, 2011. Kevin distributed a Term Sheet from the Kraft Group. A brief discussion was held regarding the items on the Term Sheet.

Kevin Paicos gave an update on contract negotiations for W&S labor contract.

Motion by Paul Mortenson to exit Executive Session for the sole purpose of adjournment.

Seconded by Larry Harrington.

Vote: 5-0-0	Lynda Walsh, Chairperson	Yes
	Larry Harrington, Vice Chair.	Yes
	Jim DeVellis, Clerk	Yes
	Lorraine Brue	Yes
	Paul Mortenson	Yes

Meeting adjourned at 11:00 p.m.

James J. DeVellis, Clerk

4/26/11 MSK
EXCEL

FOXBORO BOARD OF WATER & SEWER ("BWS") AND THE KRAFT GROUP ("TKG")

TERM SHEET

4/5/2011

Item	Description
1. <u>Overall Term:</u>	25 Years Co-terminus with stadium lease (25 years)
2. <u>Payment Obligation:</u>	\$275,000 Fixed, plus \$150,000 Discretionary (form and criteria to be determined)
3. <u>Payment Commencement:</u>	Town incurs per gallonage charge under final Intermunicipal Agreement ("IMA") with Mansfield/Norton for 300,000-gpd flow ("Flow Program") (Anticipated 2014)
4. <u>Advertising Revenue Sharing in Perpetuity:</u>	50% Each on Existing Billboard 50% to TKG for one (1) Additional (new) Billboard 75% to TKG on Existing Water Tower
5. <u>Approval/Timing:</u>	Target: Annual Town Meeting (May 2011)
6. <u>Pre-Conditions to Obligation:</u>	<ul style="list-style-type: none"> • Final Approved IMA Agreement • Fixed Funds must be dedicated for Sewer Flow Program; Dedicated Account • Town must provide evidence that: <ul style="list-style-type: none"> ➢ IMA Approved in all Communities; ➢ Town has funded/constructed infrastructure related to Flow Program ➢ Flow Program is achievable in all communities (i.e., land acquisition, plant upgrades; adequate leaching capacity, state/local approvals) ➢ Flow Program will be dedicated to existing failing residential systems; Downtown; consistent with terms of 2007 MOA, 100,000 gpd will be reserved for TKG ➢ Acceptance/Approval by Town and TKG of a formal, mutually acceptable Water and Sewer Agreement ➢ Confirmation that existing Sewer Agreements are terminated (with the exception of shared advertising revenue) and TKG/Town obligations set forth therein are void; no further funding request of TKG for Flow Program or infrastructure
7. <u>Other Required Town Meeting Actions (May 2011):</u>	<ul style="list-style-type: none"> • Adoption of Zoning Revisions to include previously proposed revisions, including, without limitation: <ul style="list-style-type: none"> ➢ Multi-family Housing ➢ Flexible Commercial Uses ➢ Signage Upgrades • Liquor Licenses for Patriot Place (4 restaurants/2 package - all alcohol) - to support this request, Town asks that TKG make space available at Patriot Place for police presence and agree to police details during certain times, all on mutually acceptable terms • Town will continue endorsement of Pedestrian Bridge and continue to support existing zoning and advocate for MBTA Rail Station/ as Town/Regional Planning Initiative <u>SIGNAGE</u> • In its capacity as landlord, Town will amend Lease in following manner: <ul style="list-style-type: none"> ➢ New Town User Charge to allow Charitable/College/High School Events; encourage increased overall events: Examples: NCAA - Similar to Revolution; MIAA - no charge ➢ Capital Improvement Fund for improvements upon/around Town property at TKG's discretion, utilizing for a portion of funds over baseline: 50% of "calculated" Town User Charges over baseline to TKG, 50% to Town • Document existing practice with respect to collection of revenue from concession and catering sales at Stadium and provide credits against user charge for any changes from baseline • Create Business Improvement District for infrastructure/Operational costs • Commercial Parking Lot License Fee will not increase by more than the current rate of inflation

Our proposal contemplates that the Split Tax Rate is not implemented.

I would like each Board member to keep a few things in mind as you review this written proposal:

- The original agreement with the Kraft Organization (KO) has NO cash option. Either we tell the KO to build the sewer plant or we cancel the agreement and take control of the billboards. The KO believe they have done everything required under the agreement and are not the bad guys because the agreement does not have a cash option. That said, they have said many times that they want to help the Town.
- The billboards generate \$400,000 this year although the KO stated they purchased ten faces for a total of \$85,200 to ensure the billboards remained fully utilized. Without these KO ads, revenue would have been \$315,000 and our share \$157,500. There is no telling whether KO will continue to advertise if we do not reach a revised agreement and take back the billboard management.
- While we thought we previously had a new agreement at \$358,000, with no extras for the KO, it was not in writing and not approved by Robert Kraft. So we need to stop complaining, move off that verbal offer, and forget comparing it to the one we have today. We must evaluate this written offer against the only other option—cancelling the agreement and taking back the management of the billboards.

There has been much discussion among Board members on the real value of the billboards and are we maximizing their value through the KO. I have shared that concern with the KO which challenged us to put the billboards out to bid to determine their real value. They stated, "we are convinced you will see that you are getting great value now." Kevin and I agreed that we have to be careful because we run the risk that if we prove them correct, they could lower their offer to us, costing the Town substantially.

I believe the written offer is compelling and has room for some further negotiation. Comparing the values between the options requires one to place a value on the following items:

- What is the billboard revenue worth without the KO- \$400,000 or \$300,000?
- Do we include any of the goodwill monies suggested by the KO over the fixed payment? It could range from zero to \$4 million over the life of the contract.

I hope you will agree that the minimum value of the written offer is far superior to simply cancelling the current contract and more than covers the additional items requested by the KO. I urge you to authorize us to finalize contract terms within 30 days and let the attorneys draft a final contract. The written offer also addresses the concern about potentially more liquor licenses, by providing for two police officers every Friday and Saturday, in addition to any other requirements on restaurants based on occupancy.

After my personal discussion with Robert Kraft, I believe we can increase the fixed payment to at least \$300,000, adding even greater value (\$625,000 over the life of the contract).

Larry Harrington