

**Selectboard Executive Session
1 Avenue A, Turners Falls, MA
Monday, April 25, 2022
8:00 PM**

RE: Executive Session under G.L. c.30A §21(a)(6) to consider the purchase, exchange, lease or value of real estate, GMTA Garage, 382 Deerfield Street, Greenfield

Present: Selectboard Richard Kuklewicz, Christopher Boutwell and Matt Lord, Town Administrator Steve Ellis.

Documents:

- Greenfield Group Offer to Purchase – April 2022
 - Appraisal Value Sheet – Feb 2022
 - GMTA Property Environmental Assessment Report - 2009
 - GMTA Sale Related Opinions
-
- Ellis reviewed materials relevant to discussion of a proposed sale of the GMTA garage, including an opinion relative to the sales process that GMTA would need to follow, which is distinct from normal municipal requirements.
 - The Town received an unsolicited offer to purchase the GMTA property at 382 Deerfield Street in Greenfield. The offer is \$470,000. We have a recent appraised value of \$600,000. The appraisal does not necessarily reflect potential environmental liabilities/risk associated with the property.
 - Greenfield views the proposition very favorably for economic development reasons, as it would apparently allow the Greenfield Group - - Cartelli Ford/Toyota - to build out a body shop at the site. The property will require substantial investment/improvement, as it has not been properly maintained for over a decade, despite its active use.
 - Any sale would require a new Phase I and Phase II assessment. Once was performed in 2009 and it was favorable/clean, but it would need to be updated. Risk comes not only from GMTA operations, but from abutting properties.
 - In terms of financials, GMTA has about \$70,000 in debt and Phase II would cost about \$30,000, so the net sale proceeds would be in the vicinity of \$370,000. Based on the historical GMTA cost/revenue allocation formula, Montague would receive 30.7% of net sale value - \$113,600.
 - Additional benefits would be clearing the Town of future risk associated with the property, which will increase when FRTA leaves the facility and stops its \$75,000/year in rent payments. It would also allow us to formally decommission the GMTA, easing an ongoing administrative burden.
 - Accepting this offer may or may not result in the best possible sales price, because it did not go through a formal competitive bid process.
 - If we were to sell, it would require that a lease be signed that survives a sale process, allowing FRTA to operate in the space until such time as its new garage is complete, which is currently projected to be January 2023.

- The board heard counsel's opinion and was by consensus comfortable selling the property on these terms if the GMTA board is satisfied with the price. Kuklewicz noted "the sooner we move this the better."
- There was no interest in haggling over the historical allocation formula for costs and revenue. It has been in place since GMTA's inception and there is no clear basis to suggest changing it. Greenfield has long shouldered the load for ongoing building maintenance.
- Ellis and Olsen are granted authority to accept the current offer at our next GMTA Meeting, by consensus, if that is where things go.
- Moved to accept Greenfield Group offer of \$470,000. Boutwell moves, Lord seconds. Motion passes 3-0.

Approved:

Yes Boutwell

Yes Kuklewicz

Yes Lord

Release to the Public:

✓ Yes
3-0

_____ Not Yet

4/1/24 Date

Date Released to the Public: April 2, 2024



GREENFIELD GROUP
REAL ESTATE
SALES & DEVELOPMENT

Proposal to Purchase 382 Deerfield Street, Greenfield, MA 01301

- 1. Purchaser:** Cartelli Holdings LLC or nominee
434 Memorial Avenue
West Springfield, MA 01089
- 2. Premises:** 382 Deerfield Street, Greenfield, MA (parcel ID 15-4-0) consisting of approximately a 16,000 square foot building on 1.3 acres zoned General Commercial more accurately described in the Franklin County Registry of Deeds in Book 896 Page 71.
- 3. Purchase Price:** \$ 470,000.00 payable as follows:
 - a) Earnest Money Deposit: \$25,000 at the execution of the Purchase & Sale Agreement (P & S). The Earnest Money Deposit shall be held by an attorney or a mutually acceptable title insurance company in an interest bearing account and applied together with accrued interest toward the Purchase Price at Closing (as hereinafter defined). The Earnest Money Deposit is refundable and will be returned to Purchaser if Purchaser exercises its right to terminate the P&S on or before the expiration of the Due Diligence Period.
 - b) \$ 445,000.00 balance in cash or certified funds at closing.
- 4. P&S:** Seller will provide written confirmation of acceptance of this Offer by 5:00 PM on April 15, 2022 and to draft a purchase and sale agreement by April 27, 2022 with a transfer of deed closing by June 1, 2022.
- 5. Due Diligence Period:**
 - (a) Purchaser will have 30 days from the mutual execution of the P&S (the "Due Diligence Period") to conduct physical inspections and environmental investigations of the Property, and to review the title and other matters related to the Property and the ability to make any changes needed for the effective operation of Purchaser's business. Seller shall provide Purchaser and Purchaser's authorized agents with access to the Property for purposes of such inspections. For any reason prior to the expiration of the Due Diligence Period, Purchaser may terminate the P&S and receive back the Earnest Money Deposit with interest accrued thereon.
 - (b) Seller at its sole cost and expense shall document and deliver the property to purchaser free and clear of any environmental liability consistent with buyer's intended use (as vehicle repair and service center).

(c) The property shall be free from all liens and encumbrances and the current owner shall convey good, clear, marketable, and insurable title to the property at the time of closing. If owner has committed to capital expenses to any party, copies of those commitments are to be provided prior to the signing of the Purchase and Sale agreement and copies of all leases, if any, shall also be provided.

(d) Contingent upon Buyer obtaining traditional financing.

(e) Seller will provide, within 5 days after the mutual execution of this Letter of Intent, copies of the following documents in its possession with respect to the property; any and all plans and environmental, engineering and structural reports; any and all surveys and site plans; and topographical surveys.

6. Closing: No later than June 1, 2022

7. Broker: GGRE is the sole Broker in this transaction and will be compensated by the Buyer pursuant to a separate agreement.

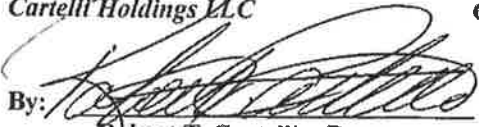
This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty on either party to continue negotiations. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties, and/or (3) unilaterally terminate all negotiations with the other party hereto.

This Offer shall remain in effect until April 15, 2022.

AGREED AND ACCEPTED BY:

Purchaser:
Cartelli Holdings LLC

Seller:
Greenfield Montague Transportation Authority

By: 
Robert T. Cartelli, Date: _____

By: _____
Mayor, City of Greenfield

Date: _____
GMTA MEMBER

Date: _____
GMTA MEMBER

Date: _____
GMTA MEMBER

Date: _____
GMTA MEMBER

RECONCILIATION AND VALUE CONCLUSION**INDICATED VALUE VIA THE SALES COMPARISON APPROACH**

SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$625,000)

INDICATED VALUE VIA THE INCOME APPROACH

FIVE HUNDRED SEVENTY THOUSAND DOLLARS
(\$570,000)

We have considered the quality of the data used and the perceived strengths and weaknesses of the different approaches to value. We have weighed the degree of emphasis to be accorded each. The variance in value indication via the two approaches applied is believed to be a result of the different emphases given to value factors in each method. In the final opinion of value we have attempted to reconcile the inconsistencies between the estimates via the different approaches to value. We have not relied upon either approach to the exclusion of the other.

In the **Sales Comparison Approach** we were able to analyze and make the appropriate adjustments to comparable sales of properties, which are very similar to the subject. This approach is highly relevant in the market. This approach best reflects the actions of the buyers and sellers who constitute the market for such properties. The comparable sales are such that relatively few adjustments were required and it is our opinion that these comparable sales reliably reflect the current commercial market for similar properties.

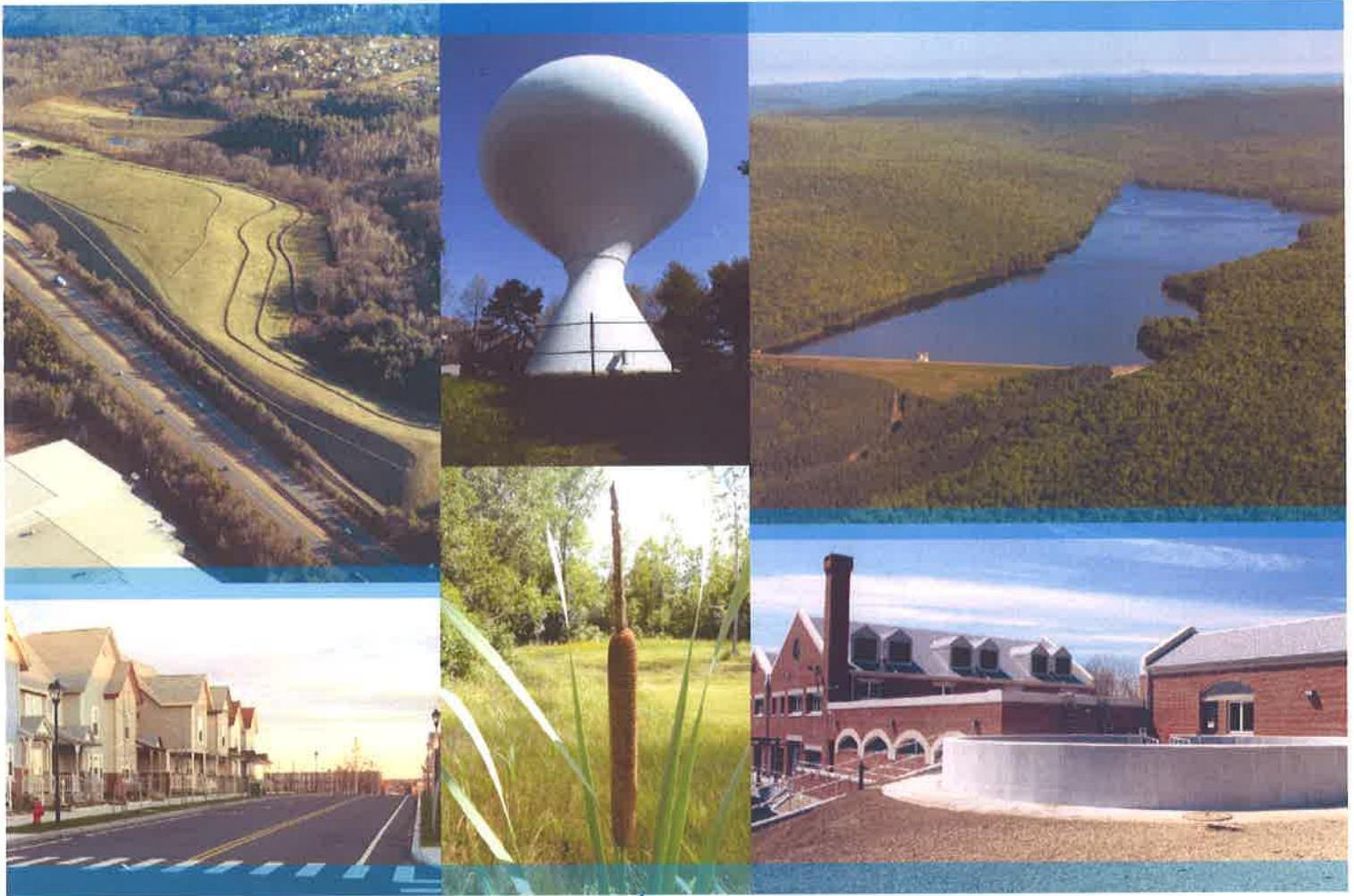
In the **Income Approach to Value** we used **Direct Capitalization** to determine the present value of the projected net cash flows. We believe that the **Net Operating Income** of this analysis has been justly forecasted based on the analysis of the marketplace. Operating expense allotments is based on typical industry standards for this type of property. The **Capitalization Process** reflects both current mortgage conditions and current equity requirements for investors participating in the real estate sector and supported by market extracted rates.

Given that this type of property is most often owner-occupied we believe that the **Sales Comparison Approach** is slightly more reliable and is therefore given the slightly more consideration.

Therefore, after taking into consideration all factors that affect value, we are of the opinion that the “**as is**” *Market Value* of the fee simple interest for the subject, as of February 9, 2022 is:

FINAL OPINION OF VALUE

SIX HUNDRED THOUSAND DOLLARS
(\$600,000)



Tighe&Bond

382 Deerfield Street
Greenfield, MA

Phase I Environmental Site Assessment

Prepared For:

**Franklin Regional Council of
Governments
Greenfield, Massachusetts**

September 29, 2008

From: [StevenE - Montague Town Administrator](#)
To: cboutwell@martignetti.com; [Matt Lord](#); [Rich Kuklewicz](#)
Cc: [WendyB-Montague Selectboard](#); [CarolynO-Montague Town Accountant](#)
Subject: GMTA Garage - Offer and Opinions re Property Sale
Date: Monday, April 25, 2022 12:02:35 PM
Attachments: [Greenfield Group Offer to Purchase April 2022.pdf](#)
[Feb 2022 - Appraisal Value Sheet.pdf](#)
[GFLD 382-Deerfield-St ESA-PhII 06.03.2009.pdf](#)

Hi Team

Attached are materials relevant to discussion of a proposed sale of the GMTA garage, including an opinion relative to required process that came in late Friday. We have an unsolicited offer to purchase of \$470,000 and we have an appraised value of \$600,000. Greenfield views the proposition very favorably for economic development reasons. The property will require substantial investment/improvement, as it has not been properly maintained for over a decade, despite its active use. Note that they appear to require a Phase II assessment. Once was performed in 2009 and it was favorable/clean, but it would need to be updated.

In terms of financials associated with the current offer, the GMTA has about \$70,000 in debt and Phase II would cost about \$30,000, so the net sale proceeds would be in the vicinity of \$370,000. Based on the allocation formula referenced below, Montague would garner about 30.7% of that value (\$113,600). This would clear us of future risk associated with the property, which will increase when FRTA leaves the facility and stops its \$75,000/year in rent payments. It would also allow us to formally decommission the GMTA, easing a small ongoing administrative burden. It may or may not mean we are getting the best possible price, because it did not go through a formal competitive bid process.

Note: any sale would require that a lease be signed that survives a sale process, allowing FRTA to operate in the space until such time as its new garage is complete, which is currently projected to be January 2023.

Matters for consideration:

- Is the board satisfied with this particular offer, do you care to counter or to require a formal procurement process
- Does the board have an opinion relative re-calculation of proportional share or allowing us to proceed with the historical share
- Given that Carolyn and I apparently have authority to commit the Town, do you grant us authority to accept the current offer at our next GMTA Meeting? (This topic will be discussed in GMTA Executive Session Wednesday at 11 and 1 of you could likely attend if you wished)

Steve

From: Gregg J. Corbo
Sent: Friday, April 22, 2022 4:45 PM
To: StevenE - Montague Town Administrator <StevenE@montague-ma.gov>

Cc: 'CarolynO-Montague Town Accountant' <CarolynO@montague-ma.gov>

Subject: FW: GMTA Garage - Opinions re Property Sale

Dear Steve:

In response to your inquiry below, I offer the following opinions.

1. The GMTA is not required to comply with the provisions of G.L. c. 30B, §16 with respect to the sale of real property or any other statutory procurement procedure, unless the property was obtained with Federal Funds; and
2. The formula for sharing the proceeds of the sale is set forth in G.L. c. 161, §50 and the percentages calculated in 1955 remain in effect unless and until a new allocation is determined by the Department of Public Utilities.

I address each of these issues, in turn, below.

Procedure for Disposition of Real Property

The GMTA is a "Transportation Area" established in accordance with Chapter 599 of the Acts of 1920, which was subsequently codified as G.L. c. 161, §143-161 (the "ACT"). A Transportation Area established pursuant to the Act is an independent body corporate or politic that is managed by a Board of Trustees. See, G.L. c. 161, §143 and 146. Although a Transportation Area has the authority to purchase real and personal property, See, G.L. c. 161, §143 and 41, the Act does not contain any procedures for the sale or other disposition of that property. In contrast, G.L. c. 161A, §5, requires that the MBTA follow a specific procedure for the sale of any land valued in excess of \$50,000. In the absence of a specific procedure in the Act, it is my opinion that the property of the GMTA may be sold to a third party using sound business practices.

It is also my opinion that the provisions of G.L. c. 30B, §16 relative to the sale of land by municipalities and other "governmental bodies" does not apply to a Transportation Area established pursuant to the Act. For purposes of Chapter 30B, a "governmental body" is "a city, town, district, regional school district, county, or agency, board, commission, authority, department or instrumentality of a city, town, district, regional school district or county." G.L. c. 30B, §2. Transportation Areas are not listed in the definition of "governmental body" in Chapter 30B. Compare, G.L. c. 258, §2 (regional transit authorities are specifically listed as public employers for purposes of Massachusetts Torts Claims Act). Therefore, it is my opinion that Chapter 30B does not apply to the sale of land by the GMTA.

Notwithstanding the foregoing, please be advised that there may be specific requirements for the sale of the land if it was acquired using Federal funds. According the guidance from the Federal Transportation Authority, real property must be used for the originally authorized purpose as long as needed for that purpose. Recipients must not dispose of, modify the use of, or encumber its title or other interests in the federally assisted site and facilities without prior FTA written approval." See Attached Circular, p. IV-13. Because it is not likely that there is any documentation as to whether Federal funds were used to acquire this property, you may wish to confirm with the FTA that there are no limitations on the GMTA's ability to dispose of it.

Allocation of Proceeds

In 2007, Special Counsel for the GMTA provided an opinion as to the formula for allocating the proceeds from the sale of the property. That formula is contained in G.L. c. 161, §150, and provides that the financial share of each party shall be allocated on the "basis of one third part according to the single track street railway and the bus or other mass transportation route mileage running in or through their respective limits, one third part according to their population, and one third part according to their assessed valuation." The law in this regard has not changed.

The statute requires that the Department of Public Utilities shall review and establish the share of each member once every three years. With respect to the GMTA, however, it appears that the allocation has not been calculated since 1955. At that time, it was determined that Greenfield's share was 69.3% and Montague's share was 30.7%. In my opinion, you have the right to request that DPU recalculate the allocations prior to the sale of the property. Although the precise manner of calculation will be up to the discretion of DPU (if it even grants your request), it is my opinion that the factors set forth in the statute should be based on the circumstances in existence on August 1, 2006, which was when the GMTA ceased its operations. If DPU does not agree to recalculate the parties' shares in the GMTA, it is my opinion that the last known calculation made in 1955 will remain in effect.

Please do not hesitate to contact me if you have further questions in this regard.

Very truly yours,

Gregg J. Corbo, Esq.

KP | LAW

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From: StevenE - Montague Town Administrator <StevenE@montague-ma.gov>

Sent: Thursday, March 17, 2022 4:24 PM

To: Gregg J. Corbo <GCorbo@k-plaw.com>

Cc: CarolynO-Montague Town Accountant <CarolynO@montague-ma.gov>

Subject: RE: GMTA Garage - Opinions re Property Sale

Hi Gregg

This is the extent of what I would assume to be relevant documents in my electronic archive. Wendy is away this week, but I may ask her to help me find some historical records next week in the deep archives. I searched Frank's meals and haven't found anything that would obviously add to the current conversation. I did find this auditor's report to be interesting. I think you've seen the other attachments before.

Steve

From: Gregg J. Corbo <GCorbo@k-plaw.com>

Sent: Thursday, March 17, 2022 3:56 PM

To: StevenE - Montague Town Administrator <StevenE@montague-ma.gov>

Cc: CarolynO-Montague Town Accountant <CarolynO@montague-ma.gov>

Subject: RE: GMTA Garage - Opinions re Property Sale

Hi Steve. I can look into this and provide answers shortly. With regard to the 2007 legal opinion, it is my understanding that there is not much else existing that defines the rights and responsibilities of the GMTA and its members. I think I have a couple of documents, which I will dig up, but if you have anything please send it along. Thanks.

Gregg J. Corbo, Esq.

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From: StevenE - Montague Town Administrator <StevenE@montague-ma.gov>

Sent: Thursday, March 17, 2022 12:56 PM

To: Gregg J. Corbo <GCorbo@k-plaw.com>

Cc: CarolynO-Montague Town Accountant <CarolynO@montague-ma.gov>

Subject: GMTA Garage - Opinions re Property Sale

Hi Gregg

I've had a few conversations with you over the years regarding an eventual sale of the Greenfield Montague Transportation Area bus maintenance facility. As FRTA grows closer to being ready to move into its new facility (now appears substantial completion is likely in January 2023), the City of Greenfield, in which the facility is located) is interested in moving forward with a sale to a private interest. We recently had an appraisal conducted and the result was in the range of \$600,000. We understand a potential buyer is offering \$500,000 and that Greenfield likes what they propose (auto body shop for a dealer, I believe).

At today's meeting I asked them to have their counsel draft opinions relative to a few elements of this transaction, which I would then share with you for review. In reality, I don't necessarily think we need to wait for their opinions to get organized and generate some of our own conclusions. I'm interested in yours now, but I want both sides to look at the process and come to firm agreements, rather than vaguely referencing an opinion of 15 years ago. Some of these we've discussed, but I don't believe we have a formal opinion on the. Here are the questions:

Previous opinions (see attached) confirm that we can sell the property, but leave two matters a little unclear:

- Are we bound by any particular procurement law or process?
- Is it most reasonable to rely on the best documented share of costs as presented in that opinion (69.3%/30.7%), the referenced historical understanding of ownership (2/3 – 1/3, which was likely a basis for past cost sharing), or some other figure based on calculations of current transportation routes as per Ch 161/sect 150?
- Is there a term or agreement that could be made part of the sale documents that would give FRTA an indisputable right to operate in the facility until such time as they have a certificate of occupancy and have reasonable time to then transfer their operations into that facility?

Greenfield's Mayor would like to move quickly on this because they feel they have a strong economic development opportunity and while I have no interest in getting in the way of that, I also want to be sure the process is right and Montague is treated fairly. At the same time, we really want out from under the liability associated with the building and the distraction of managing a defunct organization, assuming we get at least our share of its fair market value.

Last thought – there's been no real consideration of possible environmental issues with the building and no study has been performed. Not sure how that factors in as we move ahead, but I will say that if through the sale some environmental discovery is done and there are problems, then it would change one's view of the calculation of ownership share.

Thanks – Steve

Steven Ellis
Montague Town Administrator
One Avenue A
Turners Falls, MA 01376
413-863-3200 x110
www.montague-ma.gov

Pronouns: Him/His (or just call me Steve)