



MicroSociety Academy Charter School
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Ad Hoc Exploratory Committee

Meeting Minutes

January 30, 2019

Meeting called to order at 2:00 pm. In attendance: Amy, Barbara, Tom M., Amanda

Committee discussed its priorities. Most urgent need is to address the school's financial situation. Rent increases in current lease will make operational expenses exceed income in a few years (or less). Albert is actively seeking buyers of the building (we've been told his asking price is \$2.4M). If the building gets a new owner, it will probably be even harder to get out of the current lease. Only ways to address this problem of the rent increases in the lease would be buying the building, renegotiating the lease terms, or negotiating some kind of termination fee and searching for an entirely new site.

Committee's recommendation is that MACS pursue buying this building, for several reasons:

1. Eliminates the lease and rent payments
 - a. Our initial investigation suggests that loan/mortgage payments should be less than our current monthly rent
2. As a non-profit owner of the building, we'll get a property tax exemption
3. We've put a lot of money into this building
4. We need to be in a more financially secure situation before we can focus our attention on expansion locations
5. A new owner might not be willing to renegotiate the lease and would be unlikely to sell the building to us

Amy has some preliminary information on HEFA funding options, including tax-exempt bonds and capital loans. Other funding option is to take a loan from commercial bank, like Enterprise.

Ad Hoc Committee needs more information on financing options. Would like the finance committee to help us by pursuing these topics too.

Tom M. noted that Kathy has been looking into comparable sales for us. She suggests a reasonable offer price would be \$1.8M. She's willing to work for free for now, on the understanding that if a sale happens, we would ask her to represent us and she would try to get a commission fee paid by the seller.

The following two motions made by Amanda, seconded by Tom M.:

1. Ad Hoc Committee recommends that the Board authorize the Ad Hoc Exploratory Committee to enter into negotiations with Haven NNN Investments LLC for the purchase of this building, using Kathy as a broker on our behalf.
2. Ad Hoc Committee recommends that the Board authorize the Finance Committee to pursue financing for a potential purchase of this building, including taking meetings with Enterprise and HEFA as needed to get more information and prepare a plan for full Board approval.

All YES, no Nos. Both motions pass.

Motion by Amanda that Tom M. follow up with Kathy to tell her that we're looking into making an offer for the building. Is there any other information she would need to pull together to help us put together an offer? Barbara seconds.

All YES, no Nos. Motion passes.

The Committee's consensus is to pause any follow up on Maverick negotiations for now. While the Maverick location could be useful for an expansion space, we have too much uncertainty about the current location and our financial situation to actively pursue that space at this time.

Motion to adjourn by Amanda. Seconded by Barbara. All YES, no NO.

Meeting adjourned at 2:58 pm.