

**TOWN COUNCIL SPECIAL MEETING - WEDNESDAY EVENING  
JUNE 2, 2010**

PRESENT: Marshall, Cordeiro, Parella, Barboza and Herreshoff

ALSO PRESENT: Diane C. Mederos, Town Administrator  
Michael A. Ursillo, Esq., Town Solicitor  
John M. Day, Town Treasurer  
Michael Gerhardt, Interim Executive Director,  
Mount Hope Trust

The Council met in special session on Wednesday evening, June 2, 2010 in the Town Hall, Council Chambers beginning at 7:12 o'clock PM, Council Chairman Marshall presiding:

1. Interviews re Assistant Harbor Master (term to expire in January, 2011)
  - a. Robert B. West, Jr., 6 Old Orchard Farm Road

*It is hereby noted for the record that Mr. West was absent for above scheduled interview.*

- b. John Motta, 87 Perry Road

Council Chairman Marshall noted that he and the rest of the Councilors with the exception of Councilwoman Parella know Mr. Motta as he currently is a dispatcher in the Harbor Master's Office.

Council Chairman Marshall asked Mr. Motta if there was anything he would like to add with Mr. Motta stating that it is time for him to move forward.

Councilman Cordeiro explained to Councilwoman Parella that Mr. Motta has served in the Harbor Master's office for the past six (6) years.

Council Chairman Marshall informed Mr. Motta that the Council will make its appointment at its next scheduled regular meeting of June 16, 2010.

2. Michael Gerhardt, Interim Executive Director, Mount Hope Trust re request for secured loan

Councilman Barboza recused at this time stating that he was advised by legal counsel to do so due to his position on the Board of Trustees of the Mount Hope Trust.

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Council Chairman Marshall introduced Mr. Gerhardt, the new Interim Executive Director to Mount Hope Trust.

Mr. Gerhardt noted that this is the tenth day of his employment, having started on May 18. He further noted that Mr. Farley resigned effective May 19 from Presidency and Board of Trustees of the Mount Hope Trust.

Mr. Gerhardt informed the Council that he has many priorities to address at Mount Hope Farm with the first being to "get a handle" on the finances. He noted that the audit for 2007 is currently in the process of being completed by the Trust's auditor and arrangements are being made to complete financial reporting for 2008 and 2009. He further noted that all the required 501(c) 3 non-profit, federal tax forms have been filed according to the auditor.

Mr. Gerhardt explained that he used QuickBooks to run numbers for 2009 and noted a significant loss noting that the grant funds received were not considered but the operating loss was significant. He further explained that he examined the figures for January through April of 2010 which also showed a continuing loss with Mr. Gerhardt being of the opinion that this is due to the recession and also declines in revenue sources such as those derived from events and the bed and breakfast.

Mr. Gerhardt stated that with this background information he compiled a budget for the remainder of the year, June through December of 2010, which indicates operating losses consistent with those observed in 2009 and the beginning of 2010. He noted that this has reflected itself in a decrease in liquidity that exists at Mount Hope Farm today making the ability to pay bills difficult although there are grant funds available in a restricted account but cash to pay ongoing bills is non-existent.

Mr. Gerhardt explained that he organized an approach to solving the multifaceted problems that exist at Mount Hope Farm. Mr. Gerhardt stated that at the first meeting with the Board of Trustees, he presented ideas for a solution the situation noting that it has taken years to get to this position and will take time to recover. He further explained that it will take effort by the Board of Trustees and the community to reposition Mount Hope Farm in a way that it can thrive and be successful.

Mr. Gerhardt informed the Council that the Board of Trustees of Mount Hope Farm have approved the creation of a series of

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committees designed to address the problems and issues facing the plan with each of these committees including both members of the Mount Hope Trust and members of the community. He noted that there is a Town group known as Citizens for Mount Hope Farm who are providing volunteers to serve on each of these committees.

Mr. Gerhardt stated that one of the first priorities is to raise income so there will be a Marketing Committee designed to increase the event and bed and breakfast revenue.

Mr. Gerhardt reported that several of the vendors such as the wedding and event planners, caterers, photographers, etc. have indicated a willingness to help. He noted that the contract for events will be improved to make it more user-friendly and that it will be presented at a meeting with the vendors. He further noted that he will work with the Newport and Bristol County Convention and Visitors Bureau which is scheduled to tour Mount Hope Farm next week.

Mr. Gerhardt mentioned that both Blithewold and Linden Place have shown support and that he is scheduled to meet with the executive directors of both organizations this week and next.

Mr. Gerhardt stated that the second source of income is derived from donations and a Committee to increase the cash flow will be formed with the objective being to rebuild relations with the community.

Mr. Gerhardt noted that the existing Finance Committee will be restarted and John Day will serve as the Treasurer as he retires as Town Treasurer with the goal of bringing financial discipline.

Mr. Gerhardt stated that he has made arrangements to have monthly financial reports performed and available to the Board of Trustees. Councilman Cordeiro questioned if those reports would be made available to the Council with Mr. Gerhardt agreeing to do so.

Mr. Gerhardt stated that the fourth committee is the Program Committee which is intended to promote the history and open space aspects of the Farm.

Mr. Gerhardt mentioned that he plans to develop programs to involve the community on all levels such as the Boy Scouts,

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community farming, walking and house tours, etc. with there being an emphasis on sustainable agriculture.

Mr. Gerhardt reported that recently, a large greenhouse has been constructed with grant funds. He noted that discussions have involved promoting free community events to help the community understand the history of the Farm.

Mr. Gerhardt stated that the fifth committee will be Buildings and Grounds which will look at maintenance needs, prioritize them and outline how to meet them. He noted that the cost constraints of the last few years have led to considerable deferred maintenance.

Mr. Gerhardt mentioned that the plans consider additional help for the caretaker with the East Bay Community Action Program providing volunteer help and current projects include planting flower beds, painting, repairing of shutters, a leaking roof, etc.

Mr. Gerhardt stated that the sixth committee is the Governance Committee which will develop revisions to the By-laws. He noted that two (2) Trustees from the current Board and Members from the Citizens for Mount Hope farm will review Section 4 of the By-laws which deals with the composition of the Trust.

Mr. Gerhardt reported that there are currently three (3) vacancies on the Board of Trustees, one (1) created when Mr. Farley resigned, an overseer's position, and one other position defined in the By-laws. He noted that the Board of Trustees decided to fill two (2) of the vacancies expanding the number of Trustees from eight (8) to ten (10) and is investigating the third position referred to in the By-laws.

Mr. Gerhardt reported that the seventh and last Committee is Strategic Planning which will investigate additional options for the Farm and will propose a recommendation to the Trustees as to how the Trust will function in the future. He noted that different business models will be considered such as a third party administrator of the hospitality section explaining that Section 3 of the By-laws limits what can be done with the land at Mount Hope Farm.

Councilman Herreshoff questioned Mr. Gerhardt whether these committees would be comprised solely of Board Members with Mr. Gerhardt answering that these are advisory committees of the

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Trust comprised of a minority of Trustees and other interested citizens of Bristol.

Councilman Herreshoff asked how many members of the Citizens for Mount Hope Farm there were with Mr. Gerhardt stating approximately thirty-five (35).

Mr. Gerhardt explained that the Board of Trustees is seeking a bridge loan to get through the transitional period. He noted that the loan would repair the cash position and provide money to operate in order to implement proposed changes.

Mr. Gerhardt stated that the money will not be used for major capital and that the full intent is to pay back the loan. He further noted that this loan is to recapitalize the organization and buy the time that is needed to achieve the above goals.

Mr. Gerhardt explained that this loan could be secured by the two acre parcel of land located at 46 DeWolf Avenue (Plat 41, Lot 39) which has an assessed value of \$365,070. He further explained that this land is unencumbered; there are no liens or deed restrictions on this land and the Board of Trustees proposes that this land be used as collateral for the loan.

Mr. Gerhardt stated that the amount of \$185,000 would be sufficient to retrieve the cash position and finance the needs of Mount Hope Farm through the end of the year assuming that if more funds were needed a further request would be made to the Council.

Mr. Gerhardt explained that this loan would be used to provide the liquidity needed to give future assurance to event planners, to allow to rebuild revenue sources, and to implement the strategic planning process to determine where the organization should go in the future.

Mr. Gerhardt further explained that the clear intention of Mount Hope Trust is to minimize the amount of time this money is needed either by collecting donations or by selling the property that is being used as collateral to repay the loan.

Councilman Cordeiro stated that he served on the original Board of Trustees when Mount Hope Farm was purchased. He noted that he put in a lot of work into securing the property for the benefit of the Town.

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Councilman Cordeiro asked why Mount Hope Trust was coming to the Council for the loan since the DeWolf Avenue property was being used as collateral, why not go to a bank or a builder with Mr. Gerhardt answering that it is a time issue. He stated that moving forward with a bank loan would take time and there is hesitancy to use the property as collateral with private individuals as there has been comments that private individuals should not be able to benefit should the collateral be forfeited whereas the Town has a significant investment in Mount Hope Farm.

Councilman Herreshoff asked what the prospect is that the organization will be able to be self supported after January of 2011 with Mr. Gerhardt answering that it was not guaranteed. Councilman Herreshoff then asked if in a year from now Mr. Gerhardt saw the organization as self supported with Mr. Gerhardt answering that was very likely. He noted that six (6) months would give him the time needed to implement changes and restore the confidence in the community, rebuild the event business, market the bed and breakfast and think about a different business model such as to see were agriculture program is going.

Councilman Cordeiro stated that he would like to see a budget and marketing plan to show how this loan would be repaid. He noted that he does not want to be known as a "real estate agent." and asked again if Mr. Gerhardt explored any other avenues of funding with Mr. Gerhardt answering that this was a decision made by the Trustees.

Councilwoman Parella stated that she is of the opinion that competition amongst restaurants, museums, etc. is a good thing as the energy feeds on itself but expressed concern whether Bristol and Bristol County could support the number of museums, noting there are a number in this community all striving for a share of the market that is somewhat limited when concerning donations, wedding venues, etc.

Mr. Gerhardt noted that Blithewold and Linden Place both seem to be successful and if not prospering, at least sustaining themselves.

Mr. Gerhardt mentioned that at a Bristol Museum Association meeting held today, members of the Newport and Bristol County Convention and Visitors Bureau seemed enthusiastic about the resources Bristol has and their ability to steer event and tourism business to Bristol.

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Mr. Gerhardt also mentioned that he has been informed by event planners that Mount Hope Farm is unique and no venue on the water approaches the privacy and beauty that Mount Hope Farm provides at Cove Cabin.

Mr. Gerhardt noted that Friday evening, June 4 is the reception for the Garden and Antiques Fair and Saturday, June 5 is the actual sale.

Councilman Herreshoff stated that Blithewold went through a similar traumatic experience and volunteers came forward and as mentioned previously and is now prospering.

Mr. Gerhardt noted that the Trustees are committed to move in the right direction by broadening the Board and starting the Committees and he apologized that he doesn't have a marketing plan, only a budget that shows what will happen but that there has been a lot to do in little time.

Councilman Cordeiro noted that when he sat on the Board there was a Board of Governors and asked where that Board stands today with Mr. Gerhardt answering that the Board of Governors has been dormant for some time.

Mr. Gerhardt stated that his intention, with approval from the Trustees, is to reconvene the Board of Governors and ascertain their interest in continuing. He noted that it will then be a By-law revision issue as to whether the Board of Governors or other body exists.

Councilman Herreshoff questioned whether both the Board of Trustees and Board of Governors was necessary with Mr. Gerhardt answering that at his other places of employment they have been advisory committees and did not have any other power other than the ability to donate money and share advice.

Councilwoman Parella stated that she is in favor of authorizing the loan but notes that there needs to be positive press to the public justifying the Council's support in these bad economic times with Mr. Gerhardt informing the Council that he has reached out to the Bristol Phoenix concerning the upcoming Garden and Antique Fair and the establishment of the new committees.

Councilman Cordeiro stated that because of the difficult financial times in the Town and State, it would not be easy for

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him if the Council authorized \$150,000 and then the Trust returned requesting an additional \$100,000 in August or September.

Councilwoman Parella questioned whether Mr. Gerhardt was looking for a "line of credit" up to \$350,000 with Mr. Gerhardt noting that the Board of Trustees has modified that request to \$185,000 and if there was a need for additional funds there would be a new request with a marketing plan, etc.

Mr. Gerhardt stated that he cannot guarantee that \$185,000 will be enough but is of the opinion that it will be.

Councilwoman Parella questioned where Mr. Gerhardt saw that money carrying him to with Mr. Gerhardt answering up to the end of the fiscal year; this calendar year. Councilwoman Parella further questioned what Mr. Gerhardt foresees for the winter months of January and February with Mr. Gerhardt answering that the costs should be much less and the establishment of a new business meeting market plan will be implemented as well as potential donations. Mr. Gerhardt stated that this is a community venture and that he will work on rebuilding that so the community can play its role.

Councilman Herreshoff asked to hear from Town Solicitor Ursillo and Town Administrator Mederos.

Council Chairman Marshall expressed concern in regard to the Mount Hope Trust requesting funds from the Council to reinvigorate itself making Mount Hope Farm more marketing savvy. He further noted that as a Councilor he is entrusted with the fiduciary responsibility of protecting the taxpayers' funds in the Town.

Council Chairman Marshall explained that he has been advised that a waiver of conflict from the Town Solicitor is required to move forward with the loan request authorization so it is his recommendation to continue this matter to the Special Meeting of June 9.

Council Chairman Marshall stated that the difficult aspect of Mr. Gerhardt's proposed plan is the timeline noting that the offer of Mr. Gerhardt and the Trust to provide financial statements on a monthly basis to back this funding is a good first step.

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Council Chairman Marshall further noted that the consensus is to see Mount Hope Farm succeed, stabilize and move forward to become sustainable so future requests do not have to be made for additional funds.

Council Chairman Marshall reiterated Councilman Herreshoff's request to hear from Town Administrator Mederos and asked Town Solicitor Ursillo if she should recuse as Councilman Barboza was advised to do with Town Solicitor Ursillo answering that Town Administrator Mederos does not have a Council vote so she may comment.

Town Administrator Mederos commented that Mr. Gerhardt has done a terrific job and she wished she had reached out to him nine (9) months ago. She noted further commented that she has full confidence in Mr. Gerhardt's ability to turn things around and with everyone's help she believes it can be done.

Councilman Herreshoff noted that sometimes a demonstrative crisis is needed to bring a bad situation forward in order for a solution to happen so he is of the opinion that perhaps what has happened is not all that bad.

Council Chairman Marshall stated that Mr. Gerhardt's credentials speak loudly as to what he has accomplished in the past and the vision he has set forth in collaboration with the Trust is a positive first step in a series of many

B. J. Stephens of 1 Leyland Court asked Council Chairman Marshall to explain what he meant by a "conflict of interest" causing this matter to be continued to June 9 with Council Chairman Marshall explaining that because the Town Solicitor's office has represented Mount Hope Farm in the past the Council must authorize the Chairman to sign a waiver of conflict in order for the Town Solicitor to move forward and draft the documents needed.

George Burman of 66 Highland Road stated that he supports Mr. Gerhardt's request and was impressed by his presentation.

Mr. Burman stated that he was devastated when he heard and read of Mount Hope Farm's situation noting that volunteers put a tremendous amount of effort, work, and personal time into keeping the farm going.

Mr. Burman stated that he reviewed the master plan that had been prepared previously and prepared a preliminary business plan and

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preliminary master plan for the benefit of Mr. Gerhardt, the Trust and the Council. Mr. Burman noted that he will distribute the documents to the Mr. Gerhardt after the meeting who can then share it with the Council.

Mr. Burman noted that he is of the opinion that Mr. Gerhardt would have a difficult time securing a bank loan due to the bank's procedures for property appraisal so his only option is to come to the Council. Mr. Burman further noted that, as far as repayment of the loan, Mr. Gerhardt should not be looking towards donations and events but rather by using the Farm as an agriculture business noting that there are too many organizations seeking donations.

Council Chairman Marshall asked Mr. Gerhardt if the master plan is part of a Committee's task and if there is a timeline with Mr. Gerhardt noting that he has not thought about it as the existing master plan has been withdrawn.

Councilman Barboza introduced himself as a citizen and a Trustee of Mount Hope Farm. He stated that he has had a long association with Mount Hope Farm as he volunteered in the effort to acquire the Farm before assuming public office and has sat on the Board of Trustees for the past the (10) years.

Councilman Barboza stated that each property attracts a unique type of client and a client that is going to go to Mount Hope Farm is not necessarily a client that is going to go to Blithewold, noting that the setting is unique at the Farm.

Councilwoman Parella reiterated that her concern is with the competition for donations being asked by churches, library, etc., from a limited scope of people.

Councilman Barboza stated that the Town Council sits and leads by example and having sat on the Council for twelve (12) years he is of the understanding that there are a lot of hard decisions to make and not everyone is always going to agree with every decision made but the end result if the Council does not grant Mount Hope Farm the bridge loan will be something no one will like.

Councilman Barboza noted that Mount Hope Farm is in peril and it is imperative to move forward. He further noted that he has the upmost confidence in Mr. Gerhardt and upmost confidence in the Citizens for Mount Hope Farm. Councilman Barboza asked that the Council protect the Towns investment.

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Keith Maloney of 60 Van Wickle Lane stated that he is of the opinion that the request for \$185,000 was derived without due diligence although the two (2) acre lot is a sound way to provide protection to the Town noting that he understands Mr. Gerhardt has only been on the job for ten (10) days.

Mr. Maloney questioned whether there has been enough consideration and how the decision is being made, by whom, and with what reference to what information presuming the committees have not met yet.

Mr. Maloney stated that Mount Hope Farm is a "gem worth millions of dollars" to the Town which needs to be protected. He noted that Mr. Gerhardt should have a high-level view of what is going on.

Mr. Maloney noted that there was an onsite event planner that was a paid employee and questioned if there was a salary for an individual to execute the plan daily in the requested \$185,000.

Mr. Maloney suggested the a transitional loan amount be granted to get Mount Hope Farm through the next sixty (60) days giving Mr. Gerhardt time to come back to the Council with a plan to request funds not requiring a second request.

Michael Byrnes a neighbor and part-time resident stated that there is a lot of emotion around this issue because there is not another property in the Town that has the historic, natural and cultural significance that Mount Hope Farm does; crystal cave, King Philips chair, etc.

Mr. Byrnes noted that Mount Hope Farm needs to be supported and the Council and is in favor of the Town granting the loan which will be secured by a reasonable property. He further noted that the one week delay is unfortunate.

Mr. Byrnes suggested that the Council meet with Mr. Gerhardt and discuss his plan moving forward. He further suggested that Mr. Maloney should be involved as well as he could be a great contributor to the Farm based on his background and experience.

Mr. Byrnes explained that Mount Hope Farm along with Blithewold, Linden Place, restaurants, hotels, etc., contribute to the Town's economic health bring business to Town.

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Mr. Maloney stated that he is only suggesting that the Council clearly understand the plan between now and January 1, 2011 for the \$185,000 and how Mount Hope Farm will be revitalized so it doesn't require additional funds.

Chairman Marshall stated Mr. Maloney would add value to the discussion as Chairman of the Economic Development Commission.

Victoria White introduced herself as a citizen and member of the Mount Hope Trust. She stated that Rhode Island along with only one other state and several foreign countries has received a "geotourism" award which is based on history, culture, and architecture; noting the 2009 Distinctive Destination award that Bristol was presented.

Council Chairman Marshall asked Ms. White how long she has been on the Board of Trustees and who she was appointed by with Ms. White answering that she was nominated by Mr. Farley and appointed by the Trust as secretary eighteen (18) months ago.

Council Chairman Marshall expressed that he would have preferred that the Board of Trustees be present requesting these funds rather than the Trust's Executive Director.

Councilman Cordeiro mentioned that Alan Crisman of the Mount Hope Enterprise Zone could be used as a resource with assisting in developing a business plan.

Mr. Burman commented that he is of the opinion that the Board of Trustees shares significant responsibility in the situation of the Farm and would like to see major changes in the Board.

Mr. Burman stated that the Enterprise Zone has only one program available and will only be able to help if employment is created. He further stated that he asked Mr. Crisman for assistance with a business plan and was told that all the program can offer is \$5,000 per new employment created per job with Councilman Cordeiro noting that he was not referring to the Enterprise Zone itself but rather to Mr. Crisman personally.

Councilwoman Parella stated that she was of the opinion that Mr. Gerhardt should be the one requesting the loan coming from a new prospective and reaching out to the community involving the Citizens for Mount Hope Farm.

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Councilwoman Parella stated that Mr. Gerhardt's plan and a budget for the end of the year need to be reviewed and confidence has to be instilled in the potential event planners.

Council Chairman Marshall stated that the above mentioned meeting to further outline the plan and program moving forward would help give confidence and reassurance to the Council so that it may grant the bridge loan that is requested.

Councilwoman Parella noted that she has confidence with John Day taking on the role as treasurer for the Trust.

Councilman Barboza stated that he wants the record to reflect that Mount Hope Farm does have a full-time planning and event coordinator who has been the person supervising the Farm for the past 6-8 months.

Councilman Barboza stated that studying the situation for sixty (60) days is a great idea but there are bills due and no money. He further stated that the balance sheet as of April 30 indicated only enough funds to make the last payroll.

Council Chairman Marshall requested that dates be established for the items that Mr. Gerhardt set forth such as the By-law revisions of Articles 3 and 4, as well as the replacing the former bookkeeper.

Mr. Burman disagreed that unless "major housekeeping" takes place immediately on the Board, the Farm will not get beyond this year. He noted that the confidence needs to be restored in the Town regarding who is appointed to the Board and why.

Mr. Burman further noted that he is impressed with current caretaker of the Farm. He explained that four (4) of his guests from Hong Kong stayed at the farm over the weekend and they were taken care of very well and professionally but would like to point out that he believes there are major liability issues at the farm as Cove Cabin needs immediate repairs to the railings, stairways, etc.

Councilman Cordeiro wished Mr. Gerhardt the best of luck moving forward.

Council Chairman Marshall asked that this request be added to the June 9, 2010 special meeting agenda with Councilwoman Parella asking for clarification.

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Town Solicitor Ursillo explained that a conflict of waiver needs to be signed, since his firm represents the Town and has represented the Mount Hope Trust in the past, before his office can draft the necessary paperwork relating to the loan.

There being no further business upon a motion by Councilman Cordeiro seconded by Councilwoman Parella and voted unanimously, the Chairman declared this meeting to be adjourned at 8:40 o'clock PM.

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Jennifer Walsh, Deputy Town Clerk