



From: Don Greenough  
To: Mary E. O'Neal  
Cc: IPSWICH LAW  
Sent: Friday, March 17, 2006 10:02 PM  
Subject: Little Neck -- update

Beth:

I'm sorry that we weren't able to connect. I tried you early in the morning because I knew I would be spending most of my day on the run outside my office. I hope that we can speak on Monday morning and you should have the lease later in the day for review by your committee. The Feoffees would like to mail a draft lease to all of the tenants during the week of March 27th together with notice of a meeting to discuss the lease in early April.

The delay in the release of the revised lease has been caused solely by additional extensive review of the issue of classification during the last week. After our meeting on March 10th I reported your concerns on this subject to the Feoffees and that generated further discussions with Slater Anderson, of LandVest, about the uncertainty or disruption factor caused by the present, open-ended language in Exhibit A. I believe your clients know that LandVest has consistently recommended the use of 10 classes of leaseholds based upon location, views, privacy, etc., since its initial report in 1997. Classification has not been a matter of "if" but of "when" for the Feoffees. They will discuss this matter further over the weekend and I will have final instructions about this provision by Monday morning.

Thursday's meeting with the School Committee was satisfactory to the Feoffees. All of the LandVest material that was given to the School Committee will be faxed to you on Monday morning. The Feoffees suggest that public release of this material by your clients may not be in their best interest because of the recommendation of a range of rents from \$6,400 to more than \$20,000. However, the only restriction on the use of the material is that you indicate to your clients that the Feoffees have requested that distribution of the LandVest material be limited to tenants, their counsel and their real estate advisors.

The Feoffees have adopted the following rents for the next three years:

Year	Seasonal	Year-round
FY2007	\$5,000	\$6,000
FY2008	\$5,300	\$6,400
FY2009	\$5,600	\$6,800

The School Committee's counsel, Dick Allen, did not have any substantive comments on the terms of the proposed lease. I raised the concept of the "evergreen" provision with him and his initial reaction was to oppose it. However, he's working on alternatives because he understands the tenants' fears about what will happen at the end of the 20-year term (particularly in light of the vote of the Essex Town Meeting to no longer renew the 10-year leases at Conomo Point). I haven't included an evergreen provision in the lease yet, but the Feoffees asked me to stress that this issue remains open for discussion. They have asked me to reinforce that their goal is to provide the maximum assurance, within the limit of their authority, to each tenant that his or her lot will continue to be made available without interruption at the conclusion of the 20-year lease. Of course, Dick Allen also suggested addressing this issue in the much-discussed probate petition for modifying the Feoffees' charter, by requesting authority for leases longer than 20 years. However, since it's uncertain when (if?) a petition will be filed, the Feoffees will work with your clients to directly address this issue in the lease.

3/21/2006

EXHIBIT

tabbles

77 79

Brief comments or updates regarding a few other issues from last Friday:

1. Limited use of the cottages between January 1 and April 1 (such as Friday noon through Monday noon) -- Although not opposed to this in concept, the Feoffees suggest that you consult with the small group of cottage owners who live on Little Neck year-round. Although there are 24 year-round lots, many are not occupied by cottage owners during the winter. Some year-round tenants have expressed concern in the past about not knowing which cottages are occupied or not during the off-season, strange lights being on, etc. It seems that Little Neck is a much "lonelier" place to live between December and April.
2. Golf carts -- Peter Foote confirmed my understanding of the "rules of the road".
3. Tax bills -- I expect to meet with the Chief Assessor, Frank Ragonese, on Thursday to discuss the issuance of direct bills to the tenants for FY2007 based upon the written leases to take effect on July 1st. I will keep you advised. I believe a letter from you specifically addressing this issue and confirming your clients' strong desire for separate bills for the coming fiscal year would be helpful.
4. ADR -- The Feoffees are amenable to the insertion of a reasonable clause for "local" ADR. Please provide language acceptable to the tenants for the resolution of disputes (except those relating to payments due the landlord) for review by the Feoffees.
5. Option to purchase -- Again, I'm looking to you for suggested language to satisfy the tenants. The Feoffees would not object to language that provides a tenant with a right of first refusal to buy his or her lot if the Feoffees offer that lot, by itself, for sale as a (1) separate lot, (2) condominium unit or (3) share of a cooperative. However, the Feoffees won't accept language that would interfere with the sale of a substantial part or all of Little Neck (subject, of course, to the outstanding leases).

If you can provide the language for #4 and #5 on Monday morning, I should be able to include them in Monday's draft.

I'm sure I'm forgetting something, but I don't have the file with me at home. My Monday morning schedule includes conferences at 8:30 and 10 and a quick commercial real estate refinancing at 11. Hopefully we will be able to talk after you have reviewed the LandVest material.