



DONALD M. GREENOUGH, ATTORNEY  
Commercial Law and Estate Planning

January 31st, 2007

Mr. Jeffrey B. Loeb, Chairman  
Ipswich School Committee  
1 Lord Square  
Ipswich, MA 01938

Dear Jeff:

I regret the delay in responding to your letter of January 8<sup>th</sup>, 2007, to my clients, the Feoffees of the Grammar School in the Town of Ipswich, but for the past two weeks they have been in discussions with the counsel for the 141 Little Neck tenants who filed the so-called "class action" lawsuit concerning an interim agreement that would provide an assurance of much-needed revenue during the second half of FY2007. Unfortunately, as of this morning the Feoffees have not received any response to their counteroffer made on January 25<sup>th</sup>.

The Feoffees discussed your letter at their meeting on January 23<sup>rd</sup> and unanimously voted to advise you that they are unable to distribute any funds to the Ipswich Public Schools at this time. Furthermore, they wish to advise you that it is unlikely that they will be able to make any distributions to the schools by the end of FY2007, and at this time it's unclear what, if any, distributions will be made during FY2008. When, or if, distributions are to be made will be dependent upon the actual rental receipts.

The Feoffees regret that the School Committee may be required to make substantial cuts in the FY2008 budget as described in your letter. However, due to the litigation brought by the owners of cottages on 141 lots at Little Neck and the rejection by those tenants of the leases that were offered to them in June, 2006, the Feoffees have extremely limited resources at this time. After tomorrow's payment of the third quarter real estate taxes and the monthly construction loan payment on February 6<sup>th</sup>, the Feoffees will have less than \$50,000 remaining in the bank.

On March 16, 2006, Slater Anderson, of LandVest, Inc., and I met with your Committee to review the proposed rents for FY2007-2009 and the final draft of the leases. After discussion, the Committee approved the rents as fair and reasonable and

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EXHIBIT

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approved the form of the leases. You requested that the Feoffees revise the lease to provide for the classification of the leaseholds in 2009 and this was done. At that time it was estimated that if all 167 tenants executed leases, a distribution of approximately \$820,000 could be made to the schools for FY2007. However, only tenants of only 26 lots executed the leases and the others preferred to allow their tenancies at will to expire and participate in the class action lawsuit. Those tenants of 141 lots have taken advantage of the new sewer system without paying for any of the costs of its operations and maintenance or for the hauling of their wastewater to the municipal plant, resulting in the expenditure of approximately \$300,000 by the Feoffees.

Your letter suggests that you have been "notified that there would be a delay in this year's distribution", however I believe that you have been periodically updated from time to time about the rents collected and the uncertain income for the second half of the year. I believe the Feoffees have promptly responded to any requests for information to assist you with your financial planning and they will continue to do so.

You will soon be receiving the Financial Statements for FY2006, including supplemental material with more specific details of the expenses during that year. The Feoffees started FY2007 with \$270,343 in available funds. They collected \$484,400 in rent during the first half of FY2007 and have received \$64,700 for the third quarter from the 26 leaseholders. It is unclear what, if any, rent will be collected from the former tenants at will during the second half of FY2007 now that their tenancies have expired.

The income has been used to pay the annual construction loan payments of \$637,404, the operations of the sewer system as described above, the normal operating costs during the summer season and for the services of legal counsel to respond to the tenants' litigation.

I would like to address any suggestion in your letter that the Feoffees are not fulfilling their fiduciary responsibilities to the schools. They are doing so. Indeed, given the catastrophic consequences to the schools arising from the tenants' refusal to pay a fair rent for their lots, now improved by a common sewer system, the Feoffees have been disappointed that your Committee has declined to publicly support the amount of the rents as fair and reasonable considering that you had previously approved both the rents and the form of the leases.

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The next public meeting of the Feoffees is scheduled for February 28<sup>th</sup>. They hope that at that time they will be able to provide updates regarding the litigation and revenue projections for the remainder of FY2007.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Donald M. Greenough', with a large, stylized flourish at the end.

DONALD M. GREENOUGH

amc

cc: Richard L. Korb, Superintendent of Schools  
1 Lord Square, Ipswich, MA 01938  
(via mail and fax)