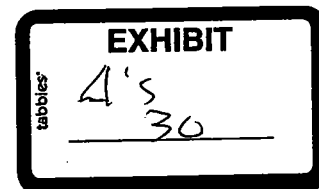


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## Allen, Richard

**From:** Don Greenough [donald.greenough@verizon.net]  
**Sent:** Thursday, June 15, 2006 9:41 AM  
**To:** Rick Korb  
**Cc:** Allen, Richard  
**Subject:** Feoffees - FY2006 contribution



Rick:

First, an update on the status of the pending \$138,000 distribution to the district as the days remaining in the fiscal year count down. I met with Larry Hunter (Ipswich Co-op) on Wednesday afternoon. Funds will be available to make the payment before the end of the month -- best guess is that you will get the check on June 27th. I'll let you know if that changes.

Second, an update on the Little Neck leases ...

There'll be a lot of something hitting the fan (letters to the editor, etc.) over the next couple of weeks and it will be interesting to see who gets more blame, the Feoffees or the School Committee. Letters to all 167 tenants, terminating their tenancies at will effective at the end of the year, will be in the mail on Monday. The leases will be mailed later in the week. As I had mentioned to Dick Allen after our recent meeting, the Feoffees decided to roll the "betterment" (\$3,820) and the O&M budget (\$480) for the wastewater system into the annual rent. Another \$100 was added to fund a reserve for the wastewater system. So instead of the rents of \$5,300 (seasonal) and \$6,400 (year-round) discussed with the School Committee in March, the rents will be \$9,700 and \$10,800. The tenants will also receive a monthly sewer bill based upon their water usage as billed by the town. Slater Anderson, of LandVest, is comfortable with those rents based upon the Feoffees providing a new essential service -- sewer -- to the tenants.

The net income for the schools for FY2007 should be the same as previously discussed. After deducting the payment of the construction loan and the overhead and reserve for the wastewater operations, there should be \$911,500 remaining.

The normal operating expenses should be about \$80,000, leaving a net to the schools of \$831,500. The wild card will be the legal fees for implementing the leases and dealing with any litigation with the tenants group. The Feoffees anticipate substantial disruption in the cash flow during the next six months, but that should be recouped prior the end of the fiscal year as the tenants either sign the leases or sell their cottages to new tenants who will.

The discussions with the tenants' attorneys, Beth O'Neal and Neal Tully, were terminated as they continued to demand year-round occupancy and a 50/50 sharing of the costs of the wastewater system by the school district. Both are issues which have always been clearly stated as non-negotiable by the Feoffees. The Feoffees' position is pretty similar to Sonny Corleone's in the Godfather: *No, no, no! No more! Not this time, consiglieri. No more meetings, no more discussions, no more Sollozzo tricks. You give 'em one message: I want Sollozzo. If not, it's all-out war: we go to the mattresses.* The Feoffees will aggressively collect any overdue rents, taxes or sewer charges and have retained Attorneys Leonard Femino (Beverly) and William H. Sheehan, III (Peabody) to represent them in collections, evictions and any other litigation brought by the tenants.

For FY2006, all tenants are paid in full through December 31, 2005, and the Feoffees have started collection actions against seven tenants who are still delinquent on payments due on February 1 and/or May 1, 2006.

I suggest that you put the Feoffees on an agenda for a School Committee meeting in late August or early September to provide an FY2006 summary and an FY2007 status report on the leases, collections and litigation, if any.

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