

Minutes of Meeting
Working Group of the Feoffees
Tuesday, November 11, 2008
7:30 p.m. - Payne School

The meeting was called to order at 7:35 p.m. School Committee members of the Working Group of the Feoffees present were Jeff Loeb, Dianne Ross, and Joan Arsenault. Also present were Superintendent Richard Korb, Attorney for the School Committee, Richard Allen; Attorney for the Feoffees, Bill Sheehan; Feoffees member Jim Foley, and past Feoffees member Don Whiston.

Motion by Dianne Ross, seconded by Joan Arsenault, to appoint Jeff Loeb, Chair of the School Committee's Working Group. UNANIMOUS

At that point, Chairman Loeb took over. There was an immediate motion to go into Executive Session. Motion made by Dianne Ross, seconded by Joan Arsenault for the purpose of discussions related to litigation, after which the meeting would adjourn.

There was an update on litigation given by Attorney Sheehan.

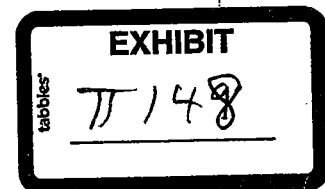
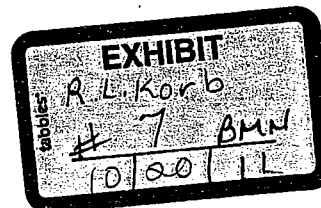
- Litigation continues to remain in the discussion phase. There have been numerous depositions taken.
- We are years away from a litigated result.
- With that in mind, the Feoffees sat down with the tenants to discuss various lease terms. It was unlikely, however, that there would be a settlement in the near future.
- The discussion as a result of that scenario was focused on the potential sale, understanding that the Probate Court and the Attorney General would need to weigh in.
- Feoffees legal council feels the only way to resolve this issue is sale versus litigation on lease terms.

Rent Issue

Following those five points, discussions turned to the rent issue. Following the October day-long session, final position of the Feoffees and tenants is as follows:

- ▶ Feoffees position is a seasonal rent for 2009 of \$5,900, and an annual rent to \$7,400.
- ▶ The tenants position is a seasonal rent for 2009 of \$5,400 and an annual rent of \$6,500.
- ▶ For 2010 through the duration of the 20-year agreement, the Feoffees proposal would be \$6,500 for seasonal and \$8,140 annual. The tenants position is \$5,900 seasonal and \$7,000 annual.

The cost of living terms that discussed were: The tenants wanted no more than 9% over a period of 3 years for cost of living. The Feoffees wanted no more than 14% over a three year period. No compromise was reached.



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Escrow Account

Currently, there is \$700,000 in an Escrow Account. This is money that was paid by the non-lessees. When this issue is resolved, the tenants wanted all of that escrow money back. The Feoffees position is that they will not receive the money back.

Sewers

The sewer issue appears to be the only one where they have reached tentative agreement between the Feoffees and the tenants. The tenants agree to pay \$2,836 per year for 20 years or a one-time lump sum payment.

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Other Issues

Following the 20-year lease agreement, the Feoffees maintain the right of setting the rent. The tenant's position is they want an equal say in setting the rent.

The other issue, 55 and older. The tenants have posed the question would the Feoffees consider provisions to accommodate additional residents for year round living if they adopted the 55 and over statute.

Other issues that remain outstanding are the Feoffees need to have reasons limiting year round residency. The Feoffees are concerned that they will be sued if they failed to allow the residents to stay there year round. Currently there are only 24 residents that are there year round and now that the sewer has been completed the concern is that they no longer have a substitutive reason for keep people from living there year round.

Final Issue Discussed – The Sale

From the very beginning, it is the feeling of the Feoffees legal council, Mr. Sheehan, that the tenants were trying to position themselves for the purpose to buy the land. Discussion did take place regarding the sale. The two were significantly apart, but the tenants started out with an offer of \$16.5 million. The Feoffees started out with a price of \$33 million. A compromise figure of \$26.5 million was arrived at. This would be a one-time cash sale of which the \$6.5 million would come off the top to pay for sewer, thus leaving \$20 million to the schools, the beneficiaries, to then go into a trust account. Discussions followed relative to investment strategies for that money. The sales agreement would be written so that the money goes directly to the beneficiary and not pass through the town.

Other discussions were held about strategies such as only using 80% of the interest that is earned each year, putting the other 20% back to build the principle for future years to come. Timing related to any potential sale is that it would have to go through the Probate Court process. If agreed, appointments would have to be made with the Attorney General's office and then ask the Court to stay litigation.

If the sale were to go through, and the Committees and Board of Selectmen were to approve it, it potentially could happen within the next year.

That being said, the meeting was adjourned at approximately 10:00 p.m.