

L

Fran Seltenrich

Exec. Session

m: "Allen, Richard" <allen@casneredwards.com>
To: <rksuper@aol.com>
Sent: Sunday, March 12, 2006 10:26 AM
Attach: Re_Little Neck lease.eml; Feoffees matter -- comments on draft lease and rules.eml
Subject: Little Neck lease

Rick,

Here are the following: (1) e-mail from Doni Greenough forwarding the draft lease and rules & regulations (attached to his e-mail); and (2) my comments sent back to Don this morning (reserving that neither the lease & rules nor my comments had yet been reviewed by you and the Subcommittee and that they are subject to further comment after you have had a chance to review the lease & rules and my comments).

Regards,

Dick

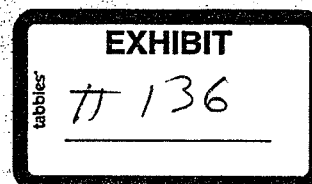
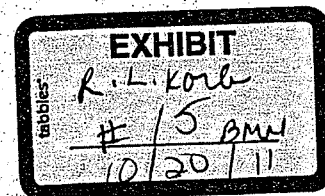
<<Re: Little Neck lease>> <<Feoffees matter -- comments on draft lease and rules>>

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ISC 002822

Fran Seltenrich

From: "Allen, Richard" <allen@casneredwards.com>
 To: "Don Greenough" <donaald.greenough@verizon.net>
 Sent: Sunday, March 12, 2006 10:22 AM
 Subject: Feoffees matter -- comments on draft lease and rules

Don,

Thank you for forwarding the draft lease and rules. In the interest of time, I am sending you my comments without my client's review, so my comments are subject to further response after my client has seen the lease and rules and my comments, which I am forwarding to them this morning.

- a) I assume that Paragraph 2 as well as Exhibit A will be different for year-long rentals.
- b) Paragraph 4: the rent levels, periods of adjustment, basis of adjustment, etc. are the subject of discussion at our upcoming meeting on Thursday, March 16.
- c) Paragraph 6: in the fifth sentence, I assume that "continues" should be typed "continue."
- d) Paragraph 10: after the second sentence, which requires the Tenant to defend Landlord's interest, I suggest adding language reserving a Landlord right to defend, and prohibiting Tenant from compromising or settling Landlord's interest without Landlord's sign-off.
- e) Paragraph 12: at the top of page 4, include Tenant's neglect or failure to perform or observe Landlord's rules and lations as a breach of condition.
- f) Paragraph 13: in the first sentence's requirement of Landlord consent for assignment of the lease, add that consent is not to be unreasonably denied.
- g) Paragraph 14: what do the words "Add 1" refer to?
- h) Paragraph 18: reserve right to enter at any time for an emergency, upon notice that is reasonable under the circumstances?
- i) Exhibit A: in the fourth paragraph, the reservation of a right to adjust the rents based upon a classification of lots based on relative value could be read as not applying to the first three years of the lease. Is this intended?
- j) Rules Paragraph 1: reserve that the \$1,000 per week additional rent is not the only remedy?
- k) Rules Paragraph 8: I suggest that the second sentence and third sentence each be its own Paragraph with its own number, as each is conceptually different from "Condition of Cottages" and deserves its own heading.

Regards,

Dick

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3/13/2006

Subj: FW: Little Neck - leases and rents
Date: 3/13/2006 9:11:56 A.M. Eastern Standard Time
From: allen@casneredwards.com
To: rksuper@aol.com

Rick,

See response below from Don Greenough regarding: (a) my lease comments; and (b) the Feoffees' thinking regarding the rent issues for Thursday night's meeting.

Regards,

Dick

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-----Original Message-----

From: Don Greenough [mailto:donald.greenough@verizon.net]
Sent: Monday, March 13, 2006 8:34 AM
To: Allen, Richard
Cc: Anderson, Slater
Subject: Little Neck - leases

Dick:

Thanks for getting your comments and questions to me over the weekend. I will get a revised draft to you this afternoon addressing a-k in Sunday morning's note.

In regards to last evening's note, I have a few quick responses:

Rent values and amenities -- Since its initial analysis in 1997, LandVest has taken into account the status of Little Neck as a private "gated" community, the Tenant's exclusive use of his or her Lot and the shared use of the common amenities (roads, electric grid, beach, dock, community center, ballfield, etc.) provided by the Landlord. The Landlord's annual overhead of approximately \$85,000 includes landscaping, maintenance and repair, taxes on all of the land (except the 167 Lots), security during peak occupancy, water quality testing at the beach as required by state law, liability insurance, and accounting and legal fees.

Period of adjustments -- As I believe I've previously mentioned, LandVest is extremely concerned about the effect of the presence of the pump trucks and the financial costs of the betterment and user fees on the Little Neck market. Slater Anderson believes that 2006-7 could be a year of tremendous upheaval and therefore he would like to take another look at values after the first year. The Feoffees respect his opinion, but they believe that due to the betterment and sewer costs, the promise of some predictability in the rent for the next three years will be a factor to persuade Tenants to execute the leases.

Use of index for adjustments -- The Feoffees have been enthusiastic about the use of a verifiable index for the periodic adjustments. Slater made a persuasive case against the use of an index due to unique issues which may drastically affect values on Little Neck, but not the general real estate marketplace, during the next 5-15 years. It's possible that the sewer system will be a fiasco and that the daily presence of pump trucks and the system's costs will have a serious negative impact on Little Neck values compared to other waterfront properties or, the other hand, if the Town of Ipswich extends the municipal sewer system illection system is connected at a reasonable cost, there would be a huge

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y, March 13, 2006 America Online: Rksuper

positive impact on the values which an index would not adequately reflect.

The Feoffees have advised Slater that the appropriate period for adjustments and the relative merits of adjustments based on appraisals or an index will be a primary topic of Thursday's discussion.

On a related subject, the Feoffees have informally discussed gradually increasing the seasonal rents -- \$5,000, then \$5,300 and then \$5,600 -- over the first three years. This would provide the same total income to the schools over the three years but requires discussion with the School Committee. The Feoffees believe that the deferral of approximately \$50,000 in income from FY2007 to FY2009 may be a reasonable sacrifice for timely execution of the leases assuring the payment of the betterments to service the construction debt.

I look forward to speaking with you after you review the revised lease. I expect that it will be a strain to fully discuss all of the issues in only 90 minutes on Thursday night, so if there are any other items that you would like to have feedback from Slater before the meeting, please let me know.

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