

From the Feoffees of the Grammar School in the Town of Ipswich Trust

Closings Complete

The sales of 166 land parcels on Little Neck in Ipswich were completed on August 10, 2012. The closings included land sales, conversion of cottages and land to condominium units, filing of the master deed and reconstitution of the Trust to which William Paine donated the land in 1660. The new trustee governing board (known as the New Feoffees) is now in place. Two community members were appointed by each of the School Committee, Finance Committee and the Board of Selectmen, and a seventh was appointed by the old Feoffees. The board is comprised of Ipswich residents Tracy Filosa, George Markos, Tom Reardon, Greg Stevens, Joe Tragert, Peter Twining and Seth Ward.

TRUST INITIAL ENDOWMENT ALMOST \$25 MILLION DOLLARS:

The proceeds of the sale and cash flows are detailed below.

Sale price: the amount due to the new Trust was comprised of the sale prices of 166 parcels, a Use & Occupancy payment agreed to in the December 2011 settlement agreement and balances of unpaid rents due to the Feoffees.

GROSS AMOUNT DUE TO TRUST	
Gross Cottage Purchase Income	\$28,972,234
Use and Occupancy increase per settlement	\$2,400,000
Unpaid Rents and Taxes through July 31, 2012	\$112,199
Total GROSS AMOUNT DUE	\$31,484,433

REDUCTIONS IN AMOUNT DUE TO TRUST

Per the Settlement Agreement the following deductions were made from the gross amount of the sale.

Feoffee-held loans: per the settlement agreement, buyers had the option to finance 90% of their purchase price and the full amount of their Use & Occupancy payments. The New Feoffees hold the following loans:

Feoffee financing to buyers:	
New Feoffee-Financed Loans	\$8,383,666
Use and Occupancy Loans	\$486,788

The Feoffee mortgages are 6% interest only for 5 years, with a 20 year fixed, amortizing loan option at the end of the five year term. The Use & Occupancy loans are fully amortizing 5 year loans at a fixed rate of 4%. The New Feoffees are in the process of hiring a loan service provider. The Feoffees will receive monthly interest payments from mortgage borrowers, and annual principal and interest payments from U&O borrowers. The proceeds will be incorporated into the trust assets held to benefit the Ipswich Schools. Trust financial and investment policies are under development.

Old Feoffee Debts:

The Settlement Agreement instructs the new Trust to pay off outstanding debts that were borrowed by the old Feoffees for the wastewater treatment facility and short-term operations:

Payoff of Old Feoffee debts:	
Institution for Savings Loan Payoff as of August 10, 2012	\$5,369,187
Eastern Bank Loan Payoff as of August 10, 2012	\$500,708

Per the Settlement, other deductions from the sale proceeds include:

Credits and escrow amounts:

Waste Water Credit	\$101,000
Lessee Credit	\$223,027
Wastewater System Escrow	\$167,000
Erosion Damage Repair Payment	\$23,040

Closing and Filing Fees:

Donohoe and Parkhurst, Inc. Fees for Surveyor	\$49,228
Rainen Law Office Fees for Title	\$16,600
Ardiff & Blake, LLC Fees for Truth in Lending	\$5,500
MacLean Holloway Doherty Legal Fees	\$83,000
MacLean Holloway Doherty Legal Fees	\$36,545
Record 6d Certificate	\$75
Recording Fees for Creation of Condominium	\$6,875

Total gross amount due to Trust	\$31,484,433
Less total reductions in amount due	<u>\$15,452,240</u>
Cash Wired to New Feoffees <i>August 10</i>	\$16,032,194

New Trust Assets as of August 10

In addition to amounts listed above the new Trust is responsible for paying legal expenses that were incurred by the School Committee (\$575,000), and costs of professional services hired by the New Feoffees to conduct legal and accounting due diligence in its oversight of the sale process. The total costs due near closing are estimated to slightly exceed \$800,000. The New Feoffees are also setting aside a small operating budget for meeting expenses and ongoing costs to manage the Trust such as accounting. A full accounting will be provided when bills are presented, reviewed and settled.

The \$2.4 million Use & Occupancy payment will be distributed to the schools in three annual payments of \$800,000, therefore those funds will be invested in short term vehicles, laddered certificates of deposits.

New Feoffee Assets: as of August 10, 2012	
Cash set aside for current bills due and operations	\$822,613
U&O proceeds	\$2,400,000
Cash for long-term investment	\$12,809,581
Feoffee held mortgages	\$8,383,666
Feoffee held notes	<u>\$486,788</u>
	\$24,902,648

For questions about this press release please contact Tracy Filosa:

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