

**Michael A. Tavares, Respondent
17 Collins Street
Yarmouth, Nova Scotia B5A 3C7
Canada**

May 8, 2015

TO: Nichewaug Inn Evaluation Committee

**Josh Cayea, Chair
TOWN OF PETERSHAM
P.O. Box 486
Petersham, MA 01366**

Dear Mr. Cayea et. al,

In response to your questions, please find our comments below:

What is the actual amount you plan to offer the Town for the property?

We recognize that the Town of Petersham has made a considerable investment in the preservation and evaluation of the Nichewaug property. We recognize that there have been out of pocket expenses from the town that rightfully should be reimbursed in the development. We understand from numerous conversations that the Town is in need of a new location to house its public offices. It is with this in mind that our plan calls for a location, to be determined, to accommodate this community facility. In conversation, it was determined that a functional office condominium would need to be approximately 5000 sq. ft. and be located on a first floor level. Given prices for raw space we estimate a price per square foot to be \$100.00. The new office would have a value of \$500,000. We are prepared to offer the Town this new undeveloped space. The retro fit for this new facility would be the responsibility of the Town paid for by the Town. We would require the Town to contract our Architects, Engineers and Contractor to retro fit this part of the development. The Town would enter into a separate contract for these services.

In addition, in the spirit of inclusion, we are prepared to offer the Town, ONE seat on the Development Board and welcome the Town's participation in the entire Development. When items are addressed concerning the above retro fit, that seat would be exempt from voting. For this situation, and any other where a conflict is perceived, the Town seat would be exempt from casting a vote but would be allowed to participate in conversation.

Once the development is complete and title to this new office condominium is transferred, the Town would be a member of the HOA and have all the rights and privileges associated with the Town's percentage of ownership.

The HOA documents will address this specific condominium use and occupancy. The Town would have a monthly obligation to the HOA just as any other individual owner.

What considerations, if any, do you expect to request of the Town?

In no particular order:

- 1. Zoning—attached in our response to the RFP, Section III contains a detailed outline of the required Zoning changes for the property's future use. Being that the Town owns the property this process needs to be administered by the Board of Selectman and the Zoning Board of Appeals. The Lenders will not allow us to acquire the property under its current use and occupancy. This process will have to be handled together and resolved prior to the property being conveyed.***
- 2. During the construction period of the property the Town will have to exempt it from taxation until a Certificate of Occupancy is granted. In some situations this can be achieved by a Grant from the Town in lieu of taxes.***
- 3. We will need to review the final bid on the Asbestos Abatement which is being prepared by the Town. Once that bid is received our Team and the Town will have to determine the level of responsibility. Again, no Lender is going to allow the property to be conveyed if this matter is not resolved or at least determine whose responsibility it will be. We can discuss a possible shared responsibility however it will ultimately come down to the Lenders' approval.***
- 4. The Town will have the property surveyed and any and all Easements will need to be clarified. Again, Lenders will not lend without this document and the Town will need to clearly identify what they are conveying.***

5. *There is much discussion about the Town Library and their needs and wants. This matter will need to be agreed upon and resolved prior to conveyance.*
6. *The Town has expressed interest in having a section of the property developed for the future Town Offices. This relationship will need to be finalized. The end result will be a privately owned office condominium. We can discuss build out et al as we proceed but will have to be finalized.*
7. *There is discussion of the future location of storage of the historic fire trucks presently on the property. Our plan calls for that garage to be developed however we are open to a possible condo ownership with the town. Will need further discussion.*
8. *Discussion will need to occur with not only the Fire Department by the Town Building Inspector on requirements.*
9. *Discussion will need to occur with the Historic Commission Board as to our plans and their approval on the final design.*
10. *There has been discussion about a location on the property for the Historical Society. That matter needs to be discussed.*
11. *During the next few months and after our walk through on the 19th we will identify areas of concern that may need to be moth balled to prevent any further deterioration of the structure. We will address this more in our interview.*
12. *Our plan calls for the property known as Winterwood to be acquired. During the construction phase we will be establishing a development office use in a couple of the main floor rooms. If there is a zoning issue we need to discuss.*
13. *In acquiring Winterwood, we will be subdividing the back section of that property for the benefit of the Nichewaug. That lot will be used for the creation of covered parking and/or utility leach. In addition, there will be a utility easement for the well on that property serving the entire site, Winterwood, the Nichewaug and the Library. If there are any requirements to achieve this we need to identify*
14. *The preparation of the Public Presentation will come with an expense. We will need to determine what amount will be the responsibility of the Town as this work will ultimately serve the Town should we not be the eventual Developer. If we are the Developer all of part of this expense would be reimbursed to the Town from the Development as this material will become the property of the Development.*
15. *The Town presently has over \$500,000. in a stabilization fund for the benefit of this property. The Town needs to be prepared that some of this reserve will need to be applied to this Development. The positive is, over time, this investment will be recovered by way of taxation.*

Please provide a general estimate for the total cost of the redevelopment plan. Show how this expense will be recouped by a combination of sales, leases, rentals, etc

At this point in the planning there are too many unknowns to give an accurate estimate however we would expect total cost of development to be somewhere between \$12-13 Million Dollars. Because the Development will be a condominium conversion, all space in the project will be sold which will cover the development cost. Each space will be a condominium, either owned by private individuals or the HOA. Leased sections of the property that are owned by the HOA will be rented to cover the cost of the space. Each space will probably have a separate mortgage either private or HOA debt.

What entity will sign the bill of sale or transfer document? Provide more detail on the financial backing that this entity will have on hand at the time of purchase.

This Development will be a newly formed company which has not yet been created. This new company will be the entity that takes title to the property and will have a Board of Directors established. Financial backing for this property is still in process and at this time we are unable to discuss in more detail however prior to delivery of the property this matter will be resolved and disclosed.

What market analysis have you done to support your proposal? This question includes interest in obtaining a condo in Petersham and being able to afford such a condo and the monthly resident fees.

In late fall 2014, shortly after the RFP was released, a comprehensive demographic study was undertaken. Found on the Internet were detailed census records for not only the Town of Petersham but the entire Region. These records identified the general population by age, race, education, income, profession, drive time from home to work, price per square foot for housing and commercial properties, longevity of property ownership and estimated equity, taxation, market conditions for demand and time on the market for arms length transactions. From

this data we were able to determine, a cross section, of potential buyers and occupants for this development.

In addition to this data, many conversations were had with local residents, real estate professionals, lenders and organizations. Given the results from this research we determined that our Development needed to have a cross section of housing opportunities with a balance of community based services and amenities. We intend on creating a community in this Development with a mix of residents based on age, income, family size and professions. This Development will not saturate any one segment of the market but will pay particular attention to the mature Petersham residents and for that reason, of our planned 38 unit residential condominiums, we intend on creating 22 for the 55+ population. As stated above, our focus is for existing Petersham residents but we are not going to exclude new residents to the town from other locations in and out of the State of Massachusetts.

Based on quality of life, many people in the 55+ age group have enjoyed a standard of living which our high end units will offer however this Development is not just for the high end buyer. The average person would be able to find accommodations within a variety of price ranges.

Professionals and young families will also find some of our residential units attractive first time homes. We have also taken into account individuals with special needs who live independently but require amenities to maintain an independent quality of life.

HOA fees are directly based on the percentage of ownership in the whole. The majority of these fees are directly related to utility costs, repairs and amenities related to the cost of living. The actual budget has yet to be determined but will resemble expenses related to living anywhere independently.

What do you expect the price ranges to be for the residential units?

Price ranges for residential units will range from \$400,000 to \$175,000 with the majority in the \$225,000-\$275,000. range. These prices will vary depending on desired amenities and upgrades to the standard offerings.

What do you anticipate the resident's monthly condo fee will be?

The actual budget has yet to be determined but if you take into account; electricity, heat, hot water, common area expenses, parking and related services the average monthly cost should fall around \$400.00-\$500.00 per month. The average single family homes monthly operating cost are in that same price range.

Please indicate, as a percentage, how much of the ongoing expenses you expect to recover from resident fees versus other sources of revenue.

Until the budget is actually formulated this is unknown. Given the fact that some units are considerably larger, i.e. commercial units, the actual cost per unit will vary depending on percentage of ownership and what services are actually being consumed. Units that are owned and rented by the HOA will also share in the overall operating budget.

How do you plan to remediate the asbestos issue? How much do you estimate that will cost? Have you considered or discovered mold in the existing building and how does that affect your redevelopment plan?

The cost for asbestos abatement is a big unknown. As we understand, the Town will be soliciting a bid for its removal. That cost is an item that will need to be discussed once a number is determined. As far as mold, there is mold in every structure ever built. I am sure there will be some mold to address however the majority of the buildings interior will be gutted for the conversion.

Are you willing to agree to a set date from the time of purchase to complete the asbestos remediation?

At this point in the process this issue has too many unknowns to accurately and fairly address.

How many permanent staff do you expect to need, or jobs you expect you will need to fill? Please specify functions, such as building manager, maintenance staff, security, etc.

This question really pertains to the HOA. Once the building is developed and the HOA By-Laws and Budget are determined that will determine the needs of the property. A Board of Directors, made up the property owners, will set the budget and staff. We estimate 20-25 full and part time positions will be needed to operate the entire Complex. That would include; a General Manager, Maintenance Department, Grounds Keeping Department, Front Office Staff and Amentias Center Staff.

How many outdoor parking spaces do you expect will be required for parking? How much paved land space do you expect will be required for parking?

The exact number of parking spaces outdoors has yet to be determined. Code will dictate the requirements per unit. We estimate that the majority of the long term outdoor parking will be built behind the Nichewaug historic building along the north façade of both Institutional Buildings. The Town's Office is being considered for the west façade of the back Institutional Building with dedicated parking along that façade.

There will be no long term parking created in front of the Nichewaug on the Common. There will only be loading and unloading planned for the front entrance

to the historic Common façade. The use of asphalt will be kept to a minimum and wherever possible parking will be green. There are pavers systems that allow for the planting of sod. The substructure is very stable for vehicles. The overall appearance takes advantage of green technology and in some cases qualifies for funding opportunities.

How many covered parking spaces do you expect to provide?

Part of the plan is to acquire the property known as Winterwood. That parcel would be subdivided with two acres to the rear assembled to the Nichewaug Development. On this lot a Carriage House will be constructed where the covered parking will be created. The new structure will resemble a grand carriage house. The exact number of parking spaces has yet to be determined. An estimate of covered parking would include 25 spaces. These spaces will be sold as condominium units owned by individual residents.

The proposal lays out a one-year timeline to take ownership of the property, but does not lay out a timeline for the actual construction. What is a proposed timeline to redevelop the property into saleable units once ownership has been transferred from the Town?

Once ownership is taken we estimate construction to take 15-18 months.

The proposal mentions preserving “key elements” of the property. Please clarify what “key elements” are being referred to.

The historic nature of the Nichewaug Inn is a very important part of the tapestry of the Common area. This conversion will honor the historic look of the building on the Common and have no impact of the visual appeal of the surrounding properties. From the Common, aside from landscaping upgrades, the building will not change in appearance.

Additionally, the main floor of the historic Nichewaug will not be altered. The principle rooms will be restored to their original design, owned in common by the HOA for the benefit of the residents and the community as a whole

In the proposal, the developer refers to a project in Orange, MA that did not result in a successful restoration. Please clarify exactly what happened and why the Town should not expect that situation to repeat itself.

From a Developers standpoint the project in Orange known as Putnam Hall was a complete success. The property was acquired, abated, designed, zoned and permitted. The Development Team invested nearly one million dollars to achieve this goal.

Financing for the retro fit was approved by Blackstone Bank and Trust Company of Boston. The project broke ground and construction began. The problem was the banking system in the late 1980's failed due to a collapse in real estate values and an aggressive approach by the FDIC to protect the depositors of many Institutions. Blackstone Bank and Trust Company fell victim to the FDIC and was taken over. The FDIC refused to honor the Construction Loan or any agreements made by the Bank and rescinded the commitment. No other lender in the state would take on the responsibility causing the FDIC to foreclose on the outstanding amount.

This banking collapse occurred 25 years ago and much was learned by the FDIC by their actions. We are in different times and the lender we are considering is a solid local institution. Any bank can fail however given the nature of the times this is highly unlikely.

Please clarify how the redevelopment project will be compatible with the Library immediately next door.

The redevelopment of the Nichewaug Inn will benefit the Library by being preserved and protecting its surroundings. The Library is part of an assembly; it is not on a island. Preserving the Nichewaug Inn honors the planned design of the Common. In addition, the Nichewaug development will need to determine an agreement for a utility easement serving the Library with water and sewer.

The proposal mentions capping the number of 55-and-over condos to 22 units. Why was that number specifically stated?

Our plan is not to create a seniors only facility. It will be a community comprised of a cross section of society, ages, incomes and needs. In addition, these units will be located in the historic Nichewaug building and given the space available fits nicely into the existing shell.

Will any condo units be designated as “senior housing” and how many, and qualifying age?

No. This is not a full service care facility. It is a private residential condominium for a cross section of individuals and ages.

Will any condo units be designated as “affordable housing” and how many?

Affordable housing is a nice term to describe subsidized housing. We are not planning a subsidized housing opportunity for this project. All units will be condominiums held fee simple with interest in the common areas. It is expected that the HOA will retain ownership of a few units and will be leased to private individuals. This will allow for some rental opportunities on the Complex.

Will any condo units be reserved for Petersham residents or relatives and how many?

This is a fair housing market. First come, first serve. Anyone interested in purchasing a unit from Petersham or anywhere else is treated equally. It is our desire to serve as many Petersham residents as possible but it would be unreasonable for us to limit ourselves to any one population based on where the buyer presently lives.

Do you intend to provide licensed Adult Day services and bill third party payers?
If yes, what has been your contact with the Massachusetts Executive Office of
Elder Affairs?

We are not in the business of renting property. We are developing a condominium with a variety of possible users and buyers. In our plan, we have made provisions in the Zoning to allow for this type of use. That use would be from a third party buyer and would not involve our Development Team. As we know, the other respondent has made reference to this type of use. As far as we are concerned, if the Petersham Committee Inc. group decides to buy a space, pre-construction, we will do all we can to accommodate that need. We have begun this process by identifying this as a possible future use in our zoning request. The amount of space allocated for this use will be limited now and into the future in the HOA By-Laws protecting the long term investment of the other property owners and maintaining the original design and demographics of the Complex as a whole..

Do you intend to provide a licensed Respite service and how will it be funded?

No, again refer to the Petersham Committee, Inc Proposal. We are open to offering condominium space as per our Zoning requests.

Please provide any “need for service” surveys you have regarding Adult Day services and Respite services.

Please refer this to the proposal by the Petersham Committee, Inc.

How do you intend to meet the RFP (p. 21) requirement of surety in the amount of two million dollars?

This is premature at this point in the process but will be determined prior to the transfer of title.

How much revenue do you expect to annually generate from the “activities centre” (swimming pool, gym, dance and yoga studios)?

We are creating the space. The HOA will determine its budget and user fees which will be directly related to staffing and management. This facility will be a condominium retained by the HOA as an income generating opportunity and an amenities facility for its residents and the residents of the community. We would envision a relationship agreement developed with the Town and the HOA for the benefit of the school system and private sectors.

How much revenue do you expect to annually generate from rental space (i.e. offices, conference rooms, community/function rooms)?

This is a question to be determined with the creation of the HOA.

Is there a business plan or projected budget for the Public Restaurant?

The public restaurant would also be a condominium. Its ownership may be retained by the HOA, managed and leased or it may be sold to a private restaurant owner and operated for the general public.

Does the proposed redevelopment plan anticipate some of the needs of Petersham residents who want or need to downsize and/or economize in order to continue to residing in Petersham?

By creating a variety of unit sizes and price ranges the general public will have an opportunity to determine their personal needs for living and expenses.

Approximately what proportion of the residents of the proposed development would be tax payers?

Because this development is 100% condominiums all spaces will be individual tax accounts including the common areas and covered parking condo spaces for a total of 66 new tax accounts with the Town.

Approximately how many of the redeveloped residential units will be accessible to physically handicapped individuals or those with limited physical abilities?

All spaces could be customized for the buyer for accessibility however there are 6 residential units that will be specifically designed with dual handicapped accessibility. The Complex will also have at least two elevator systems. There is still much to be worked out in the design phase of the interiors.

Which features of the redevelopment will be usable by Petersham residents at large?

Under a Use Contract for Events with the HOA

- the parlors in the historic building***
- the sun room in the historic building***
- the Chapel in the historic building***
- the grounds behind the historic building***

Under Membership Agreement with the HOA

- the pool***
- the gym***
- the studios***
- the offices***
- the tennis court***

General Public

- restaurant***

Which features of the plan would appeal to young residents or young people who might otherwise leave Petersham?

-Ten Townhouse Style Residential Condominiums

-The services offered at the Amenities Facility

-The restaurant

How would the proposer engage the abutters for feedback? In what ongoing ways would the developer engage with the community at large?

The Development Board of Directors, during the construction phase, will have a voting seat for each of the following listed below who will be appointed.

Once the HOA is established these seats will be available and elected by the HOA ownership as a whole.

-One member of the Historic Commission

-One member of the Select Board

-Two members of the Community, one being a Direct Abutter

How does the proposed project compare to other projects that the proposer has undertaken?

Please refer to our Response, Section VI

How many assisted-living facilities in the Petersham area offer features which are similar to those in your proposal?

Not our area of expertise. Please direct to the Petersham Committee, Inc.

Can you provide a schedule of values for this project? What will be the cost for each phase of the development?

Premature at this point.

Will State Funds be needed to complete the project?

There are a variety of funding opportunities available from the state and federal governments. All funding sources will be explored. The State offers many programs including; Community Development Funding, Cultural Grants, Educational Grants, Emergency Management Planning, Energy, Environmental Grants, Historic Preservation Grants, Housing Grants, Library Grants and Preservation Massachusetts Incentives.

How many adult day care clients would be coming to the property on a daily basis?

Please direct this to the Petersham Committee, Inc.

What percentage of these clients would be from Petersham?

Please direct this to the Petersham Committee, Inc.

Can we assume that some of the adult day care clients will be arriving by vans (i.e. elderly and/or handicapped vans that beep when in "reverse mode")?

Please direct to the Petersham Committee, Inc.

How many of these vans would be arriving each day for drop off and pick up?

Please direct to the Petersham Committee, Inc.

Would ambulances be involved on a regular basis for any reason?

Only if a resident needed ambulance services otherwise please direct this to the Petersham Committee, Inc.

Being a "medical" facility, is special lighting necessary? Would the area need to be lit more so than a "non medical" facility?

We are not building a medical facility.