

Selectmen's Meeting Minutes 3/15/10

Board of Selectmen Meeting Minutes 3/15/10

The Board of Selectmen met this evening at the Easton Town Offices, Selectmen's Office, 136 Elm Street, with Chair Colleen Corona presiding.

Members present: Colleen Corona, John Haederle, Chuck King, Ellen Barlow, and Town Administrator David Colton

Members not present: Irwin Cohen

Corona called the meeting to order at 7:00pm and noted the meeting is televised.

One day liquor licenses

None

Application for Wine and Malt Package Store License – Mawari Inc., dba White Hen Pantry 1-0201-2 @277 Turnpike Street, Easton, MA

Applicant Joseph Mawari and Charles Polechronis, Business Development Manager for White Hen Pantry were present.

Haederle read the notice of hearing into the record.

Corona noted his previous experience and asked for detailed information. Marawi explained that he managed a store in Haverhill, MA for almost three years. He understands how to sell alcohol and who to sell to. Corona asked what safeguards he would have in place so that liquor isn't sold during times other than what is allowed by law. Polechronis noted that the doors and coolers will be locked and there will be no access. Corona asked who would have key during the hours that alcohol sale is not allowed. Polechronis suggested there would be no issues, Mawari will have the key. Polechronis stated that Mawari has been TIPS trained and the entire staff will be trained as well. Corona noted the periodic compliance checks are done in Easton and how the Board and the Police stress compliance. She noted that Mawari does not have alcohol sale experience in Easton and further emphasized the compliance especially where Easton is a college community. She spoke of the Liquor License Violation Policy for the Town of Easton.

Haederle asked about the hours of operation. Corona noted that she talked to Police Chief and currently do not have any retail license holders that are open overnight as may be proposed at a later date at this location. Corona reiterated that the applicant is not proposing to open overnight now but if he plans to extend the store hours to overnight, the Board would want to scrutinize this more. Polechronis noted that if the Board sees strongly that they not open overnight, they would adhere to that. Corona noted that there are other sales that can be made during the overnight hours but if they were to open overnight, the Police Chief and the Board will be concerned.

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In summary, Corona noted the limited hours of alcohol service and during the times not permitted by the law, the coolers would be locked.

Corona noted that the Board has one Retail Package Store Wine and Malt license available at this time.

Barlow noted that it is difficult when your store is in a neighborhood and you get to know people that it may be tempting not to bother to check the ID. Polechronis noted that some of the stores have a program in place where they card everyone, regardless of age. He would recommend this to Mawari. Polechronis stated that you do not have the issues when you card everyone. Polechronis announced that White Hen Pantry does their own stings as well. Corona noted that this is good to hear.

Corona asked about the purpose of the tables currently in the store and if he currently has a common victualler license to serve food. Mawari replied that the tables are there if someone wants to sit and have a deli sandwich; the tables are not to be used to serve alcohol. Corona noted that if the license is approved, they would be monitored closely.

Voted: (Corona/Barlow) voted unanimously to approve the Package Store Wine and Malt License with the condition that if applicant attempts to expand the store hours, they would have to come before the Board of Selectmen

The Board wished Mawari good luck with the license and again reiterated they don't want to see him back before the Board because he sold to an underage buyer

State of Water Supply

Corona noted that we have been doing this each year. We are allowed to pump 65 gallons per person per day. We have plenty of water but this is a state mandated restriction. The Operations Manager of the DPW Water Division has asked that the Board consider voting to declare a State of Water Supply Conservation, similar to last year. Even numbered addresses will be restricted to allow lawn watering on even numbered days between 5am – 8am and 6pm – 9pm. See the attached memo.

Colton suggested that Easton residents have done an excellent job and our per capita use has been 60; under what is expected.

Barlow asked about certain irrigation type hoses and if these are allowable. Corona noted that she should pose the question to the Water Division Operations Manager. Colton suggested this type of hose would be part of the restriction because it is not hand held.

Voted: (King/Barlow) voted unanimously to declare a State of Water Supply Conservation Phase I from May 1, 2010 to November 1, 2010

Urban Center Housing (UCH) Tax Increment Finance (TIF) Public Hearing
Haederle read the attached notice of hearing into the record.

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The TIF, as proposed includes portions of Mechanic Street, Main Street, Lincoln Street, Elm Street, Oliver Street. See the attached information.

Jason Korb of Beacon Communities and Planning Director Alice Savage was present.

Corona noted the public hearing as required when considering a TIF District.

Korb explained the proposed TIF and stated that we are requesting CPA funding as well as bond financing to help fund the proposed wastewater treatment plant on the Shovel Works site. In order to fully put the financial plan together, we have to maximize the amount of debt that we raise. We have requested a tax free district for five years which will enable us to stay tax free while the proposed units are in the rental state. The tax increment will rise each year. After five years, the market units will be eligible to sell as condos.

Corona noted that there different types of TIFS. The TIF proposed is an UCH-TIF. There is no business tax decrease; it's only a housing tax. Korb agreed and explained further. This is an economic development tool and the hope is that it will bring some activity to the downtown area.

Corona asked the basic requirements of an UCH-TIF. The area needs to be primarily economic. Notices are required as well as a Town Meeting vote. Korb referenced the different activities in the area between the daytime and nighttime hours. The plan will need to show that the parking requirements are greater during the day than at night.

Corona noted that under the previous proposal with Beacon, the taxes increased when they became rental units but they pay about half the tax than the condos. Corona suggested that Easton's biggest tax boost was when Easton Crossing converted from rental to condos. She suggested that we look at the TIF and after seven years, the tax will increase significantly. Colton noted that we are looking at this now. The Comprehensive Permit with the Tuners was for a much denser proposal. We have some of this analysis now.

Barlow stated that she understands how this will affect the Shovel Works project but she questioned how it will affect the residents in the district. Colton explained that after approving the district, we have to add a separate agreement for each property for the incentive financing. It makes the program available to those businesses in the district but it doesn't automatically happen. A business thinking of adding apartments may be able to come and apply for the TIF.

Corona stated that this has no impact for anyone in the district unless they come forward and ask to become part of the district. They have to take into consideration the decreased rent associated with the affordable housing.

Korb stated that the plan, the zone and the agreement are the three major three components of the TIF. He asked that the Selectmen consider a vote to refer the plan and zone to town meeting.

Colton noted the plan and the zone must be approved by Board, Town Meeting and then the Department of Housing and Community Development (DHCD). The agreement would also have

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to be approved by DHCD. Korb suggested that DHCD would be looking at this before this goes to Town Meeting.

Corona noted that one of the questions the Board is asked by the public is why the Town would give this development the tax incentive. She asked Korb to explain.

Korb explained that this is one of the important pieces of the plan. Beacon will be applying for many things through a variety of different sources. The Shovel Works buildings are very inefficient as they stand now. It will take a lot of town support to get this project done.

Colton asked Korb to explain efficiency as it relates to income. Korb explained the plan for apartments and the existing plan for the Turners is a different plan than Beacon's; they will be applying for funding through the National Parks Services. Corona noted that the historic building in Sharon was not cost effective before Beacon took this over and suggested that the way to make it efficient is to build more apartments. Korb suggested that the most efficient way is to knock them down and start over.

Colton asked what it would cost to build 119 new units vs. Beacon's proposal for rehabilitation. Korb noted that this proposal is probably close to double the cost to build new as currently proposed. This is not a unique situation for them, many developers deal with this. Colton suggested that this is why this project is so heavily relied on subsidy. You could never accomplish this with regular funding; it isn't possible. Korb noted that you are preserving history and creating a new neighborhood under Beacon's proposal.

Corona referenced the attached UCH-TIF Executive Summary and spoke of the objective of the TIF.

Korb clarified that this is a Town document, not Beacon's. Savage clarified that the vote at the April 5th Special Town Meeting is just the plan, zone and the district, not the individual agreements.

Corona explained that the taxes don't start at zero; the Board decides what percentage the taxes will increase each year. It's up to the Board to decide how long the TIF will stay in place. She reiterated that this is an Affordable Housing TIF.

Voted: (Barlow/King) voted unanimously to recommend and approve the plan and zone as presented and include it on the Town Meeting warrant

Shovel Shop update – Review of Letter of Intent

Special Counsel Rebecca Lee was present. Corona introduced Lee as Special Counsel to the Town for the Shovel Works Project.

Colton noted that they have been hammering out the details of the attached Letter of Intent and stated there are a few outstanding issues.

Lee introduced herself to the Board as Special Counsel from the law firm of Edwards, Angell, Palmer & Dodge which is also the Town's Bond Counsel. They have been retained to help the

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Town with various stages of the Shovel Works Project. She spoke of the historic preservation restriction and the Town's loan for the project; and the establishment of a Sewer Enterprise District to allow a new wastewater treatment plant that may foster economic development within the area. She also referenced the proposed TIF Zone agreement.

Lee's specialty is real estate. She does a lot of permitting work in the City of Boston. She has a range of varied range of experience and types of experience. She is representing the Town as Special Counsel; the Town continues to retain Town Counsel Ellen Doucette of Brackett & Lucas. Ms. Lee has been weighing in on certain aspects of the proposal. Lee will be involved with the financial investment by the Town. She referred to the draft Letter of Intent (attached) which will not be finalized until after the town meeting vote. There is a long way to go before the Town signs the Letter of Intent. She spoke of the timeframe of the project and how everything must come together before the construction loan closing can take place.

Corona noted that this is a draft term sheet; this is a changing document and this will be made public after tonight.

Lee went through the document and explained.

- I. Historic Preservation Restriction Purchase; Lee explained the intent. Korb announced that the Bank of America is the financial institution behind the project. Lee explained how the Town's purchase monies for the restriction will be guaranteed by the Bank providing first mortgage funding for the project.
- II. Project Loan for Beacon for project development costs: Lee explained that the loan is for up to \$4,500,000; interest rates/ payments, condo conversion and loan documents were discussed. Lee offered to forward a sample CPA Handbook discussing projects that have used CPA funds and that have been undertaken in other communities. Lee stated that the proposed Town investment in the Shovel Works project is not an unusual proposal for a community to make and that she thought the proposed Beacon developer fee appears to be reasonable. Jason Korb of Beacon Communities Development LLC noted that Beacon has agreed to defer 50% of their development fee until a later date.
- III. Sewer Enterprise Zone; Lee explained the proposal. The Town would control additional users proposed to use the treatment plant and the users would pay into the cost.
- IV. Urban Center Housing – TIF District; Lee explained the district and project proposal.

Corona noted that people think that the Town is taking a risk with this loan. Lee suggested that the Town will get two forms of security; the second mortgage on the property is the first form of security and the second is that Beacon is working on a guarantee with Bank of America where if they default, the Town gets its investment back. This says something about the track record of Beacon and the relationship they have with the lender. Howard Cohen of Beacon stated that Bank of America believes that the pricing of the rentals makes sense and they feel that this is an investment that is prudent for the bank as well.

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Corona stated that some people feel have concern that Beacon will form a single purpose entity. Lee noted that this is common and expected. From the bank's perspective, they want protection that they are dealing with one entity. Beacon will run the project on a day to day basis. The investor may end up owning 99 % of the economic interest of the ownership entity, but Beacon will still be in charge of developing the project. Corona suggested that it would be a detriment to the community if we did not move forward with this. Colton agreed that we are limiting our exposure and this is the way it has to be done to protect everyone.

Korb noted that Bank of America has been with Beacon through many projects as well; they have made a commitment.

Colton suggested that another issue that continues to be raised is who is paying the Town's costs associated with this project. Colton suggested that an agreement has been reached that beginning May 1, 2010, Beacon will pay \$5,000 a month toward the Town's costs and at the closing, and the Town will be made whole for all of its costs.

Corona again noted that this is a work in progress. She thanked Lee and noted that she looks forward to their continued working relationship.

CPA Committee Interviews

Corona noted one applicant present for interview, Mr. Jay Rose. The other candidate, Mr. Bill Anderson, had an emergency and will be interviewed next week.

Jay Rose

Jay Rose of 121 Massapoag Ave introduced himself as a 20+ year resident of the Town of Easton. Rose is the Managing Attorney of the Housing Unit at the Greater Boston Legal Services. They provide free legal services for low income that cannot afford to pay otherwise. As part of this they work with affordable housing projects. He is one of the Citizens' Housing and Planning Association representatives. He is not an expert on low income tax credits but he has negotiated deals presenting tenants in the buildings. He has been successful ensuring that more funds are being used for commercial purposes, making sure the project is viable. Rose is a graduate of Boston University Law School. He spoke of his special skills such as negotiations, legal analysis, public speaking consensus building, strategic planning and experience working with Architects and city and community development planners.

Corona asked why has interesting in serving on the CPA Committee.

Jay noted he moved to Easton 20 years ago because of the open space, trees, and the historic Richardson buildings. When the CPA law passed, he thought it may be a way to get involved in local politics. He understands the three prongs; open space, historic preservation and affordable housing. He has had dealings with Beacon Communities in the past. Rose suggested that this is the Shovel Works project is the first project that meets all three prongs. Corona agreed.

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Barlow noted that there hasn't been as much spent on the third prong, affordable housing and Easton now has an Affordable Housing Trust Fund Action Plan.

Rose noted that he hasn't read the Affordable Trust document but suggested he could be a liaison to work with this group on the Affordable Housing Trust Fund Board.

In closing, Rose referred to himself as a historian.

The Board noted the great set of skills as listed on Rose's volunteer form. Corona thanked Rose for applying and noted his incredible resume. We will interview the next candidate next Monday, March 22nd.

Special Town Meeting

Colton referenced the draft warrant for the Board's consideration and gave a brief summary of each article.

Article 1

Voted: (Haederle/King) voted unanimously to approve and recommend Article 1

Article 2

Voted: (Barlow/King) voted unanimously to approve and recommend Article 2

Article 3

Voted: (Haederle/King) voted unanimously to include Article 3

Article 4

Voted: (Barlow/King) voted unanimously to include and recommend Article 3

FY'2011 Budget Discussion

Colton noted that the pension budget will be reduced by \$52,000. \$790,000 is the new FY'11 budget deficit. The bad news is that it is likely that the House Budget will contain a 4% cut in local aid which represents approximately \$480,000. Corona noted that the MMA is working on several relief packages. Colton agreed that this is still early in the state budget process but we will have to wait and see.

Minutes

None

Town Administrator Notes

Colton asked the Board to consider an executive session to discuss real estate negotiations.

Press notes

Selectmen's notes

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Haederle congratulated the Oliver Ames High School Girls Basketball Team for their State Championship win over the weekend. The final game was against Millbury. This is the second Championship for the Oliver Ames Girls in the last couple of years. Senior Lauren Battista has been named the Gatorade Massachusetts Player of the Year.

Corona stated that Easton overwhelmed the fan club compared to Millbury at Saturday's game. Corona noted that this was a really great game and they did an amazing job. She again noted the unbelievable fan support.

Public Participation

None

Voted: (Haederle/King) voted unanimously by roll call to go into executive session to discuss real estate negotiations, not to return to open session

Haederle-yes; Corona-yes; King-yes; Barlow-yes (8:45pm)

Respectfully submitted,

Mary Southworth



TOWN OF EASTON

DEPARTMENT OF PUBLIC WORKS

Water Division

417 Bay Road Easton, MA 02375-1416

Tel. (508) 230-0850 Fax: (508) 238-6485



INTEROFFICE MEMORANDUM

TO: BOARD OF SELECTMEN
FROM: JOHN J. MARSH *JJM*
SUBJECT: STATE OF WATER SUPPLY CONSERVATION / WATER RESTRICTIONS
DATE: 3/9/2010
CC: DAVID COLTON, TOWN ADMINISTRATOR
WAYNE P. SOUTHWORTH, DPW DIRECTOR

I would like to request that the Board of Selectmen vote to declare a "State of Water Supply Conservation", Phase 1 from May 1, 2010 to November 1, 2010. This action is necessary to conform to the requirements of Town's Water Management Act Permit issued by the Commonwealth of Massachusetts, Department of Environmental Protection. Our permit specifies performance standards for residential gallons per capita day (RGPCD) to be 65 gallons or less. I am pleased to report that last year our per capita was less than 60 gallons per day thus allowing us to only have to enforce Phase 1 again this year.

The vote of the Board is required as part of the Code of the Town of Easton, Water Division Regulations §223-64, Mandatory water use restrictions, Amended 11-17-2008 STM.

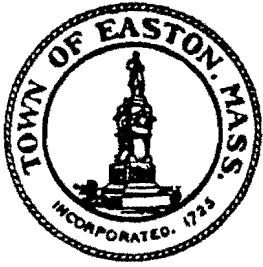
Phase 1 restricts water on an even/odd basis as follows:

- Even numbered-addresses will be restricted to allow lawn watering on even-numbers days only between the hours of 5:00 AM to 8:00 AM and 6:00 PM to 9:00 PM
- Odd numbered-addresses will be restricted to allow lawn watering on odd-numbered days only between the hours of 5:00 AM to 8:00 AM and 6:00 PM to 9:00 PM
- Handheld hoses will be allowed anytime.

Penalties for not complying with this regulation are as follows:

- Written warning for the first violation
- \$50 for the second violation
- \$100 for each subsequent violation

Each day of violation shall constitute a separate offense.



Telephone 508-230-0501

Fax 508-230-0519

Office of the Board of Selectmen

136 Elm Street

North Easton, Massachusetts 02356

NOTICE OF HEARING

The Board of Selectmen of Easton will hold a public hearing on Monday, March 15, 2010 at 7:15 pm at the Selectmen's Office, Easton Town Offices, 136 Elm Street, Easton, Mass., to review a proposed Urban Center Housing Tax Increment Finance (UCH-TIF) zone and plan, a copy of each of which is available at the Department of Planning & Community Development and online at <http://www.easton.ma.us/Directory/Notices/TownMeetingsFS.htm>. The proposed UCH-TIF district includes portions of Main, Elm, Oliver, Center, and Mechanic Streets.

MAR 15 2010
1:21
WAC

UCH-TIF Plan Name: North Easton Village TIF District Plan

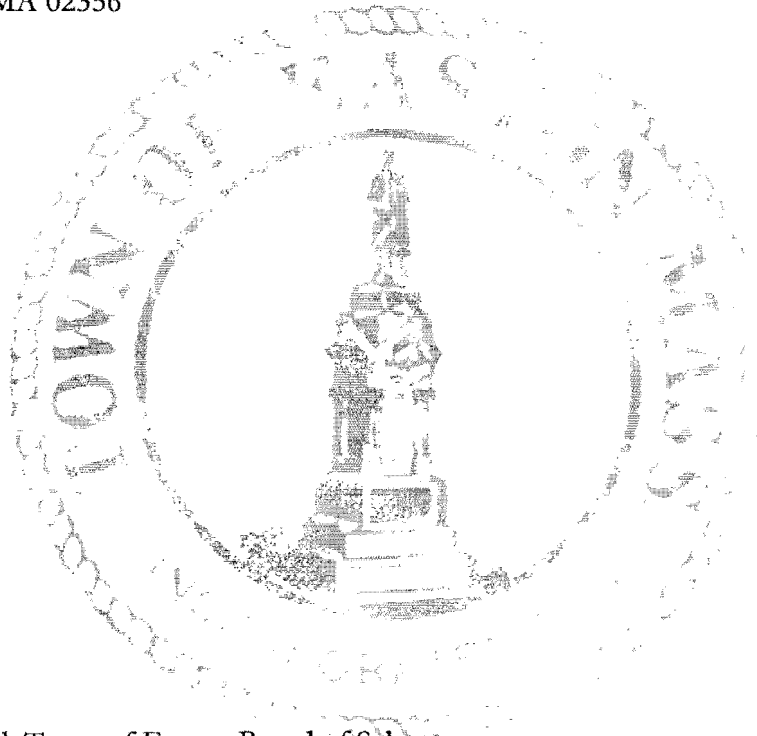
UCH-TIF Zone Designation

Address of UCH-TIF Agreement Included with Application:

Ames Shovel Works

26, 28, and 34 Main Street and 13 Oliver Street

North Easton, MA 02356



Municipal Board: Town of Easton Board of Selectmen

Colleen Corona, Chairperson

136 Elm Street

North Easton, MA 02356

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Contact Person:

Alice Savage, Planning Director

Town of Easton Planning Board

136 Elm Street

North Easton, MA 02356

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UCH-TIF Zone

The UCH-TIF zone shall consist of the following parcels, as shown on the attached maps (Exhibits A, B, & C):

- 16U-145
- 16U-144
- 16U-143
- 16U-98
- 11U-53
- 16U-121
- 16U-120
- 16U-126
- 16U-124
- 16U-123
- 16U-142
- 17U-70
- 17U-71
- 16U-125
- 11U-153
- 11U-57
- 16U-100
- 16U-117
- 16U-116
- 16U-115
- 16U-129B
- 17U-69
- 17U-66
- 16U-101
- 17U-65
- 16U-118
- 16U-127
- 16U-129A
- 16U-129
- 16U-129C
- 16U-102
- 16U-114
- 38U-53A
- 17U-72
- 17U-63
- 17U-64
- 17U-41
- 17U-17

The area is used primarily for businesses. Nighttime population is estimated at less than 100 persons (there are approximately 60 residences located within the district). Daytime population in the district, which includes Easton's largest employment center as well as heavily attended institutional use, is estimated to be approximately 500. Commercial establishments include restaurants, retail, and a wide variety of office and service establishments; institutional uses include the Children's Museum and the YMCA. Please see attached district zoning map (Exhibit A), land use map (Exhibit B), district aerial photograph (Exhibit C), and day and night time photographs of the district (Exhibit D). A partial list of businesses located within the proposed zone includes:

- Bill's House of Pizza
- Borgeson's Auto
- Oxford Cleaners and Tailors
- Watermark Paper
- Kevin McIntyre Esq.
- William Howard & Son
- Main Street Café
- Bizarre Hair Salon
- Douglas A. King Builders
- McBee Enterprises, Inc.
- McDonald's Corporate Office
- Building Engineering Resources
- Utz
- Easton Yoga
- George P. Johnson Co
- Accu-fordable Lead Paint Inspection
- Karen McSherry Attorney
- Alan Siegel Financial Services

UCH-TIF Plan

1. Executive Summary

The UCH-TIF zone shall consist of the following parcels, as shown on the attached map (Exhibit A), which are located on Centre Street, Mechanic Street, Main Street, Elm Street, Oliver Street, and Lincoln Street:

- 16U-145
- 16U-144
- 16U-143
- 16U-98
- 11U-53
- 16U-121
- 16U-120
- 16U-126
- 16U-124
- 16U-123
- 16U-142
- 17U-70
- 17U-71
- 16U-125
- 11U-153
- 11U-57
- 16U-100
- 16U-117
- 16U-116
- 16U-115
- 16U-129B
- 17U-69
- 17U-66
- 16U-101
- 17U-65
- 16U-118
- 16U-127
- 16U-129A
- 16U-129
- 16U-129C
- 16U-102
- 16U-114
- 38U-53A
- 17U-72
- 17U-63
- 17U-64
- 17U-41
- 17U-17

Explanation of the need for affordable housing in the district

Easton's families have critical housing needs, particularly low-income families.³ Eighty-three percent of low-income families who rent a home in Easton pay more than 30% of their gross income for housing costs.⁴ According to standards used by the US Department of Housing and Urban Development, households are considered cost burdened when housing costs are more than 30% of gross income.⁵

Easton has the highest percentage of cost burdened renter families in the region. Likewise, Easton's share of cost-burdened low-income homeowner families (81%) is second only to Sharon in the region.⁶

³ Note: According to US Census Bureau, "A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family." See "Current Population Survey – Definitions and Explanations" at <http://www.census.gov/population/www/cps/cpsdef.html>

⁴ This figure refers to families of 2 to 4 people.

⁵ See HUD definition of "moderate rent or cost burden": <http://www.huduser.org/publications/affhsg/worstcase/appendixb.html>

⁶ This figure refers to families of 2 to 4 persons.

- Farm Family Casualty and Life
- Aalex Corporation
- Seaport Group
- Compass Plumbing and Heating
- Resting Tree Massage
- Pires Hardware
- Mark Goldberg Veterinarian
- Functional Fitness and Physical
- Sullivan Appraisal Services
- Legaltrieve Information Services
- Easton Learning Adventures
- Attorney Dennis Nolan
- Paul T Prew Attorney
- Dukeman Law Offices
- Von Weiss Law Offices
- Easton Veterinary Clinic
- Murphy Hanson & Associates
- Borderland Orthodontics
- Tunison Smith (Engineering Services)
- The Village Acupuncturist
- Teamwork Labor Services
- L&P Cranberry (Wholesaler)
- Woods Financial Services
- Thomas J. Flaherty (Arbitration / Mediation, Business Law, Estate Planning, Litigation, Real Estate Law)
- Prudential Financial Agents

Attached photos demonstrate the high parking and traffic compared to nighttime parking and traffic in the district (Exhibit D). The attached Assessor's Field Cards include detailed information for each parcel included in the district.

There is a need for multi-family housing in Easton, as documented in the Affordable Housing Production Plan¹ (2005) and the Affordable Housing Trust Action Plan (2009)². The Affordable Housing Production Plan (AHPP) specifically designate the exiting commercial area as a desirable location to locate new multifamily affordable housing,

1

http://www.easton.ma.us/Directory/planning_comdev/ReportsandPlans/Easton%20Affordable%20Housing%20Production%20Plan.pdf

2

http://www.easton.ma.us/Directory/planning_comdev/ReportsandPlans/Easton%20AHT%20Action%20Plan%20FINAL%202009.pdf

In comparing the high level of need among both low-income renter and homeowner families with the current amount of affordable units available to families (10 rental units; 19 homeownership units), the need for assistance is significant. Currently, 616 families are on the waiting list for the Housing Authority's 10 family apartments.

The proposed UCH-TIF Zone was included in the areas identified as being suitable for new multifamily housing in the Affordable Housing Production Plan (2005) because it is a walkable neighborhood easily accessible to infrastructure including public water, roads, and is near amenities such as businesses and restaurants, the library and the community center. The proposed UCH-TIF Zone is also a previously developed area; located additional housing in this zone is in keeping with the tenets of the Commonwealth's Smart Growth Principles.

Need for Commercial Growth/Redevelopment

The UCH-TIF encompasses Easton's traditional commercial core, including Main Street and the Ames Shovel Works Complex, which in recent years has housed small office and warehouse operations. The vacancy rate at the Ames Shovel Works Complex has stood at approximately 50% for at least two years.

In order to best capitalize on existing infrastructure in the Town and create the least need for new infrastructure, new development should be directed to already-developed areas, such as the proposed UCH-TIF Zone.

The lack of wastewater treatment available to Easton's Main Street businesses is believed to be the primary deterrent to new commercial growth in this part of Town. The redevelopment of the Ames Shovel Works presents the Town with a unique opportunity to provide additional, much needed affordable housing (and therefore new customers) and bring wastewater treatment to the downtown.

The proposed UCH-TIF is crucial to enabling the Ames Shovel Works development to proceed. In order to obtain the required amount of debt necessary to finance the development, it is vital that real estate taxes remain at their current level until the market units are converted to condominiums or twenty years, whichever occurs first. In order for the Town to begin realizing positive revenue from the development, it is proposed that the tax freeze on each unit would be lifted as soon as that unit is sold as a condominium, at which time it would be assessed and taxed at its full market value.

Anticipated Public & Private Construction.

The largest and most significant proposed project in the zone is Beacon Communities Development LLC's plan to rehabilitate the Ames Shovel Works located at 26, 28, and 34 Main Street and 13 Oliver Street into 119 units of mixed income housing. Attached as Exhibit D is a narrative site history that describes the site's importance to not only Easton's, but also the nation's, history.

The overall goal of the project is to historically restore the buildings and to create a community that enhances public access to the site, integrating a new neighborhood into the North Easton Village. Public amenities such as a 2.4-acre public park, public community space, and excess wastewater treatment plant capacity will be highlights of this proposed public/private partnership.

As more specifically detailed in Section 4 herein, the Ames Shovel Works rehabilitation will cost approximately \$47,000,000. Funding will be obtained from a variety of federal, state, and local sources. In particular, the wastewater treatment plant will be constructed and operated by the Town through the establishment of a sewer enterprise zone that will be funded through a municipal debt issuance paid for by user fees. Once the developer closes on its financing, which is currently anticipated to be in spring 2011, construction will be approximately 14 months resulting in a completion date of summer 2012 for both the housing community and wastewater treatment plant. It is anticipated that the wastewater treatment plant users that are not part of the Ames Shovel Works rehabilitation will begin to be hooked into the system starting in 2012.

Addresses of Individual Properties Proposed to Be Included in the TIF Agreement
26, 28, and 34 Main Street and 13 Oliver Street

2. Objectives

The objectives of the proposed UCH-TIF are as follows:

Encourage New Business Development

The UCH-TIF will allow Beacon Communities' redevelopment of the Ames Shovel Works Complex to go forward. The Town has worked with the developer to negotiate excess capacity from the wastewater treatment plan that will be constructed as part of the development. This excess capacity will serve new and existing businesses within the proposed district. A lack of sewer is the primary barrier preventing new businesses from opening or existing businesses from expanding within the district. The increased number of residents in the district will also provide more customers for the many service and retail establishments within easy walking distance of the site and will encourage the introduction of new businesses in the adjacent commercial district.

Generate New Tax Revenue & Decrease Downtown Vacancy Rate

The new housing community at the Ames Shovel Works will fully re-occupy an industrial complex that currently is approximately 70% vacant. The project is also projected to result in a net increase in tax revenue to the Town over the life of the project. Once the market rate units are converted to condominiums, the Town will realize a significant tax revenue growth. In addition, adjacent property values will increase, thereby increasing the Town's overall tax base. Since it represents a major transformation to the downtown, the rehabilitation of the Shovel Works will also encourage additional commercial and residential smart growth development in the area.

Reuse Industrial Buildings & Rehabilitate Historic Structures

The Ames Shovel Works project will restore and preserve an historically important industrial complex to the National Park Service's Standards for Rehabilitation. The Ames Shovel Works Complex was listed in the National Trust for Preservation's 11 Most Endangered Places and PreservationMass's list of Massachusetts' Most Endangered Historic Resources.

The plan to preserve the Ames Shovel Works includes the following elements:

- The purchase of an historic preservation easement to ensure long-term protection for the structures on the site
- Long Shop to remain intact
- Rooflines of all granite buildings to be preserved; no major exterior modifications to Machine Shop, Engine House, Power House, Store House, Plate-Polishing Shop, New Plate-Polishing Shop, Antrim Opening Shop, Tenement, or Stables
- Windows to be replaced with historically accurate windows (most likely wooden or aluminum)
- Steam Hammer Shop's original pitched roof to be replicated within the proposed 35' height limit
- Demolition limited to post-industrial period additions
- Glass Store (metal building) preserved and modified to accommodate indoor parking and residences

The proposed plan also calls for the small Cape on site (known as the "Tenement") to be historically rehabilitated and then leased, free of charge and in perpetuity, to the Historical Society for use as a public exhibition hall/museum. It is proposed that the hall will be a stop on the downtown Easton historical tour and will contain relevant artifacts from the complex's industrial heritage.

Create Affordable Housing

As identified in the Affordable Housing Production Plan of 2005 and the Affordable Housing Trust Plan of 2009, there is a critical need for affordable, family rental housing in Easton. In fact, Easton has the highest percentage of cost-burdened renter families in the

region. Likewise, Easton's share of cost-burdened low-income homeowner families (81%) is second only to Sharon in the region. Currently, 616 families are on the waiting list for the Housing Authority's 10 family apartments; the TIF agreement proposed to be negotiated with Beacon Communities to support the Ames Shovel Works project would support the creation of 24 more.

Twenty-percent of the units in the Ames Shovel Works development will remain affordable in perpetuity. Seventy-percent of the affordable units will be subject to local preference, which will give priority to current Easton residents and employees of the Town. The affordable units must initially remain rental apartments for the first 15 years, after which time the units could be converted to condominiums. The decision to convert to condominiums can be at the Town's discretion.

Increase Pedestrian Activity & Create New Public Open Space

The new development supported by the UCH-TIF incorporates a 2.4-acre public park along Oliver and Main Streets. Beacon and the Town would work together to establish a public, self-guided walking tour of historic Easton's downtown that prominently features the Ames Shovel Works buildings. The proposed site plan also provides public walkways starting at the Children's Museum and linking the Historical Society, select Shovel Works buildings and the other historic buildings in the North Easton Village, and restores an historically important pedestrian connection between Main and Mechanic Streets (see attached Site Plan). This walk would serve to enrich Easton's history, educate the general public and students and actively engage the Shovel Work's important position in the industrial revolution.

The public park would be substantial in size and could include outdoor public activity and celebration space for spring, summer and fall concerts and festivals. NStar currently owns a small parcel of land that the Town and Beacon may wish to obtain through an easement or other types of ownership in order to ensure the park's continuity.

Environmentally Sustainable Design and Construction

A key condition to project approval in the TIF zone is measurements of a proposed project's environmental sustainability and resource monitoring. In particular, LEED certification will be encouraged, and at a minimum projects should include the following attributes:

Energy efficient measures, such as tight building envelopes and non-hazardous insulation, to reduce energy consumption as well as appliances and fixtures that are Energy Star rated;
Low impact development to reuse and discharge stormwater onsite, the planting of native species that require little to no irrigation, and the installation of an irrigation well in lieu of utilizing the Town's finite public potable water;
Building materials that respect human health and the environment such as low or no VOC paints and mastics and the use of rapidly renewable wood products such as bamboo; and

Low flow water fixtures for toilets, showers/tubs, dishwashers, clothes washers, and sinks that greatly reduce overall consumption; thereby, reducing the impact on the Town's water supply and minimizing the impact to the wastewater treatment plant and leaching field.

3. Parcel Description, Coverage and Zoning in the UCH-TIF Zone

Please see attached Assessors' field cards for a detailed description of the properties included in the district, including ownership information.

Please see attached map for boundaries of the UCH-TIF, including its location within the municipality, streets included within the district, and zoning information.

The following individual parcels, which comprise the Ames Shovel Works Complex, will negotiate a UCH-TIF Agreement: 26, 28, and 34 Main Street and 13 Oliver Street [Parcel #s]

4. Specification of Development and Useful Life of Housing

Ames Shovel Works Site:

Beacon Communities, in partnership with the Town, proposes to restore the historic industrial buildings for residential use and, for the first time, make the site accessible to the public. The development will consist of 119 units of housing, 24 units will be affordable to households earning at or below 50% AMI, a 2.4-acre public park and open space, new gallery/museum space, and pedestrian access to integrate the new neighborhood into the North Easton Village. Please refer to Exhibit E that contains a site plan and aerial rendering.

The development will be permitted under the existing, to-be-amended Comprehensive Permit. The housing units will be rented for the statutory period of the tax credits being utilized as subsidy (five years for market rate units; 15 for affordable) and then the market rate units will be sold as condominiums. The affordable units must remain affordable in perpetuity, and after 15 years can either be converted to condominiums or retained as rental apartments, at the Town's discretion.

The plan includes the following elements:

- Restoration of the Historic Shovel Works complex to National Park Service standards & recordation of a preservation easement
- Development of 119 new homes (20% affordable in perpetuity)
- On-site wastewater treatment plant with capacity to serve the North Easton Village
- Restoration of pedestrian access through the site, connecting Main Street to Oliver Street

- Installation of interpretative signage and development of a self-guided walking tour
- New 2.4 acre public park in the North Easton Village Center
- Creation of new public exhibition space/museum to house artifacts relating to the Shovel Works
- Environmentally-friendly design (LEED certification)
- Condominium conversion of market rate apartments after 5 years
- Public-private financing partnership

The useful life of the Ames Shovel Works development, or the period of time over which a structure may reasonably be expected to perform the function for which it was designed, extends significantly beyond the 40-year affordability requirement. The rehabilitation of the site will be well maintained on an ongoing basis by Beacon Communities Development LLC's property management company.

This \$46.9 million project is proposed to be funded in partnership with the private resources of Beacon Communities Development LLC, and public funds dedicated to historic preservation and the development of affordable housing. The proposed financing structure takes advantage of private equity, state and federal tax credits and affordable housing funding sources. These include the following sources:

Federal Low-Income Housing Tax Credit Equity:	\$4,500,000
Massachusetts Low-Income Housing Tax Credit Equity:	\$1,600,000
Federal Rehabilitation Tax Credit Equity:	\$5,400,000
Massachusetts Rehabilitation Tax Credit Equity:	\$5,400,000
Massachusetts Affordable Housing Trust Funding:	\$1,000,000
Massachusetts HOME Funding:	\$750,000
Taunton HOME Consortium Funding:	Unknown
Town of Easton General Obligation Bond Funding for Wastewater Treatment Plant	\$1,500,000
Public Agency Debt Financing:	\$17,050,000
*Beacon Deferred Developer Fee:	\$2,200,000
 Total Sources:	 \$46,900,000

*The Department of Housing and Community Development's regulations provide guidelines for appropriate developer fees for affordable housing developments, which Beacon adheres to. The guidelines allow the developer to assume a fee on approximately 10% of the development costs. In this project, following the guidelines, the developer fee is \$4.2 million, of which Beacon is proposing to reinvest \$2.2 million into the project for predevelopment and construction costs. The remaining \$2 million will be funded during construction and lease-up after Beacon's considerable work securing its financing and

permits. The reinvested fee, plus a 3% inflation adjustment, is proposed to be reallocated to Beacon after the first mortgage is repaid in full from the condominium unit sales.

5. Compliance with Zoning

Zoning within the proposed district is a mixture of Industrial, Business, and Residential. (See attached map for zoning on individual parcels.)

There is also a Comprehensive Permit for the construction of 177 housing units and 15,000 square feet of commercial space at the Ames Shovel Works Site. A copy of the existing owner's Comprehensive Permit Approval is included as Exhibit F. A modification to the existing Comprehensive Permit will be required to construct the Beacon's proposal for a mixed-income housing project on the Ames Shovel Works plan.

6. Schedule and Cost of Public Construction in the UCH-TIF Zone

Public construction in the UCH-TIF Zone will primarily consist of the construction of the previously mentioned wastewater treatment plant. The wastewater treatment plant will serve the Ames Shovel Works development and will have approximately 16,000 GPD of excess capacity to serve the adjacent community.

The wastewater treatment plant will provide treatment to a portion of North Easton Village, which would allow for new businesses. New residents in the heart of North Easton Village also mean new customers for Main Street businesses.

The wastewater treatment plant has been designed by Siegmund and Associates. The treatment plant is anticipated to cost \$1.5 million. Siegmund and Associates completed significant soil testing and submitted a ground water discharge permit application to the Massachusetts Department of Environmental Protection. In December 2008, the MADEP issued a draft groundwater discharge permit for the construction of the treatment plant, which is attached as Exhibit G.

A sewer enterprise fund will be established to fund \$1.5 million in bonds necessary to construct the wastewater treatment plant. Under the law governing enterprise funds, only those homes or businesses connected to the waste water treatment plant will pay a for the waste water treatment.

If approved at Town Meeting, the development will be allocated considerable local financial support. This will include the following:

- Local support for wastewater infrastructure in the form of a sewer enterprise fund
- Real-estate tax freeze for at least 5 years, as described herein
- Purchase of a \$3 million historic preservation easement from CPA funding
- Loan of \$4.5 million from CPA funding to fund development costs. The loan will accrue interest and be repaid upon sales of the market rate condominiums.

In addition to the construction of the WWTP, the \$4.5 million CPA loan will help fund the creation of affordable housing and the construction of the public open space. If the UCH-TIF and other local financing are approved at Town Meeting, the Ames Shovel Works development will begin construction in spring 2011.

7. Affordable Housing

Beacon Communities Development LLC is relying on low income housing tax credits (LIHTC) to help finance the Ames Shovel Works. The LIHTC program requires that at least 20% of the housing units be available to households earning at or below 50% of the area median income. The Ames Shovel Works will comply with this requirement. The One Stop Low Income Housing Tax Credit Application that will be submitted with the UCH-TIF Agreement will demonstrate that the development would not be financially feasible if 25% of the homes were required to be affordable. It is important to note that the proposed development is committing to a significantly deeper income set aside than the 80% AMI required under the statute. Additionally, the developer is committing to an affordability term in perpetuity.

8. UCH-TIF Agreements

[to be submitted after plan approval]

9. Municipal Signatory Power

David Colton, Town Administrator

10. Other Material

Exhibit A: District Zoning Map

Exhibit B: District Land Use Map

Exhibit C: District Aerial Photograph

Exhibit D: District Day and Nighttime Photographs

Exhibit E: Ames Shovel Works Site History Narrative

Exhibit F: Ames Shovel Works Site Plan and Aerial

Exhibit G: Ames Shovel Works Comprehensive Permit Approval

Exhibit H: Ames Shovel Works Draft Groundwater Discharge Permit
Assessors' Field Cards

Draft Term Sheet for the Ames Shovel Works Redevelopment

_____, 2010

By and between:

Beacon Communities Development LLC
c/o Howard E. Cohen
100 High Street, 5th Floor
Boston, MA 02110

and

Town of Easton
c/o Colleen Corona, Board of Selectmen
136 Elm Street
Easton, MA 02356

The proposed terms and conditions herein are provided to outline the specific elements of the proposed public/private collaboration between the Town of Easton (“Town”) and a single purpose entity affiliate of Beacon Communities Development LLC as more particularly described below (“Beacon”) in connection with the proposed redevelopment of the Ames Shovel Works property located in Easton, MA (“Property”) into affordable and market rate housing, public open space, and cultural/historical facilities (“Project”). This term sheet is divided into the following four sections that detail the commitments of Beacon and the Town with respect to the Project:

- I. Town purchase of an Historic Preservation Easement;
- II. Loan to Beacon for Project development costs;
- III. Town establishment of a Sewer Enterprise Zone that will serve the Property and other users at the Town’s sole discretion; and,
- IV. Town establishment of an Urban Center Housing – Tax Increment Financing District (“UCH-TIF”) and the Town/Beacon agreement related thereto.

The cultural/historical facilities to be developed as part of the Project will be operated and maintained by third parties.

I. Preservation Easement Purchase

Description: Subject to the terms and conditions set forth herein, the Town shall purchase an historic preservation easement on the Property (the “Preservation Easement”) that would allow development of the Project in accordance with plans approved by the Town. However, it would also (i) prohibit alterations and additions to the existing historical buildings that are inconsistent with the United State Secretary of the Interior’s Standards for the Treatment of Historic Properties (the “Historic Standards”), (ii) prohibit construction of new, non-accessory buildings on the Property without Town approval, (iii) preserve the park area for public use in perpetuity, and provide for the maintenance and management costs of the park area to be borne in perpetuity

by parties other than the Town, subject to the Town's enforcement of mutually agreed-upon maintenance standards, and (iv) provide for Town review and approval after the Project is completed, of all exterior alterations to any structures on the Property for consistency with the Historic Standards. These Town review and approval rights would be exercised by the Town's Historical Commission.

Funding Source: Funding shall be provided as a recoverable assistance payment to Beacon from the Town's Community Preservation Fund.

Security: On the date upon which Beacon acquires the Property and closes on all of the construction financing for the Project (the "Closing Date"), (i) the Town shall grant up to \$3,000,000 to Beacon, and Beacon shall deposit such funds with Beacon's first mortgage holder/construction lender (the "Bank"), and (ii) in exchange for the assistance payment, Beacon shall record the Preservation Easement with the Bristol County Registry of Deeds, thereby encumbering the entirety of the Property in perpetuity with the restrictions described in the "Description" paragraph above, whether or not Beacon construction of the Project is completed in accordance with the plans approved by the Town. The Bank shall guarantee repayment of the \$3,000,000 assistance payment to the Town in the event the Project construction is not so completed. Once construction of the Project is so completed and one or more Town certificates of occupancy are issued therefor, the assistance payment shall no longer be recoverable by the Town.

Requirements: The value of the Preservation Easement shall be determined by an independent appraisal undertaken by a certified appraiser selected solely by the Town. For purposes of this Letter of Intent, it is assumed that the Preservation Easement's value can be calculated on the value of the residential units that could not be constructed because of the construction and alteration restrictions to be imposed by the Preservation Easement. For example, the seller of the Property obtained a Chapter 40B comprehensive permit (currently under appeal by such seller) that contemplates the construction of 182 housing units and 35,000 square feet of commercial space (equivalent to 35 housing units, for a total of approximately 217 units). In contrast, the Preservation Easement would reduce the capacity of the Property to 119 apartments, or 98 fewer equivalent units than shown on the seller's approved plans. Beacon has advised the Town that based on previous appraisals of comparable Chapter 40B land costs per unit, each unit's land value is worth approximately \$30,000-\$35,000. Using this valuation approach, the Preservation Easement purchased by the Town would result in at least a \$3,000,000 (98 x \$30,000) reduction in the Property's value. In the event the value of the Preservation Easement is appraised at less than \$3,000,000, the amount of the Town's assistance payment to Beacon to purchase the Preservation Easement would be commensurately less. In no event would the purchase price of the Preservation Easement exceed \$3,000,000. The amount of the Preservation Easement shall also be decreased dollar-for-dollar by the amount of any HOME funds secured by Beacon for the Project.

II. Project Loan

Description: At the closing of the construction financing for the Project (the "Closing"), the Town shall provide loan of up to \$4,500,000 (the "Loan") to Beacon for Approved Project Costs, as defined below.

Borrower: A single purpose entity reasonably acceptable to the Town that is an affiliate of Beacon Communities Development, LLC. Beacon shall remain the manager or managing member of the Borrower with control over all major decisions of the Borrower and day-to-day responsibility for overseeing the development of the Project, until 90% of the market rate condominium units are sold, or as may be earlier agreed by the Town, This requirement shall be subject to the rights of the Bank under its loan documents (e.g., in the event of a foreclosure) and the tax credit investor pursuant to its syndication documents (i.e., rights in the event of a Beacon event of default).

Loan Amount: The Loan Amount shall not exceed \$4,500,000. The Loan Amount shall be adjusted downward, dollar-for-dollar, by the stated amount of any charitable donations or National Trust for Historic Preservation "Save America's Treasures" funds received by Beacon or any affiliate thereof in connection with the Project. The Town shall fund the Loan from its Community Preservation Fund.

Maturity Date and Term: The term of the Loan shall be sixteen (16) years from the closing of the permanent financing for the Project (i.e., the Maturity Date shall be the sixteenth (16th) anniversary of the closing of the permanent financing for the Project). As a condition to the Closing, Beacon shall obtain a commitment for the permanent financing for the Project, including lease-up requirements mutually acceptable to the Bank, the permanent lender and the Town.

Amortization: None; interest and principal shall be payable as set forth below.

Interest Rate: 3%, compounded annually.

Payments: Interest shall accrue and be payable only from 50% of "Cash Flow Available for Distribution," as defined below. Principal, together with accrued and unpaid interest, shall be due and payable in full no later than the Maturity Date as defined above. "Cash Flow Available for Distribution" shall be calculated as follows:

- Gross rents received, *LESS*
- All operating expenses, reasonable and customary reserves, and other expensed items, *EQUALS*
- Net Operating Income, *LESS*
- Permanent lender debt service, *EQUALS*
- Net Cash Flow, *LESS*
- 25% distribution of Net Cash Flow to tax credit investor, *LESS*
- Beacon asset management fee equal to \$75,000 in year 1, inflated 3% annually, *EQUALS*
- **Cash Flow Available for Distribution:**
- 50% of Cash Flow Available for Distribution shall equal the payment due to the Town

The following Year 1 example is provided for illustrative purposes only:

- Gross Rents = \$2,100,000
- Operating expenses = (\$750,000)
- Net Operating Income = \$1,350,000 (\$2,100,000 - \$750,000)
- First Mortgage = (\$1,160,000)

- Net Cash Flow = \$190,000 (\$1,350,000 – \$1,160,000)
- 25% Tax Credit Investor Dist. = (\$47,500)
- Beacon asset management fee = (\$75,000)
- Cash Flow Available for Dist. = \$67,500 (\$190,000 – \$47,500 – \$75,000)
- Payment to Town = \$33,750 (\$67,500 x 50%)

All payments of interest and principal under the Loan shall be deposited into the Town’s Community Preservation Fund.

Prepayment: The Loan may be repaid without penalty, in whole or in part.

Security: Subject to the provisions of loan documents reasonably acceptable to the Town, the full amount of the Loan shall be disbursed to Beacon at the Closing, and deposited with the Bank to be disbursed with other subordinate loan proceeds to pay for Approved Project Costs (as defined below). Such disbursements will be addressed in an intercreditor and subordination agreement mutually acceptable to the Bank and the Town. The Bank will guarantee repayment of the Loan to the Town in the event of a borrower default, construction of the Project is not completed, or the permanent financing closing does not occur. A Beacon affiliate acceptable to the Town shall unconditionally guarantee the Project’s construction completion and lease-up to a permanent financing closing.

At Closing, the Loan will be secured by a second mortgage lien on the Property and all of the improvements thereon (existing and future). On the Closing Date, Beacon shall also provide the Town with an acceptable Lender’s Title Policy insuring the second lien of the Town’s mortgage. Beacon shall name the Town as the second mortgagee/loss payee on the Property’s property insurance policy and as an additional insured on the Property’s liability insurance policy. The Town’s additional insurance requirements shall be set forth in the Loan Documents, as described below.

Approvals: The Town’s making of the Loan shall be conditioned, among other things, upon receipt of evidence that Beacon has obtained all necessary federal, state and municipal approvals required to construct the Project, including without limitation, a building permit. Prior to the Closing, the Town shall conduct such due diligence with respect to Beacon, the Property, and the Project as is reasonable and customary in loan transactions. The Town will use reasonable efforts to coordinate its due diligence efforts with those of the Bank and of other subordinate lenders for the Project.

Loan Draws: Prior to the Closing, Beacon shall submit a final Project budget to the Town for its review and approval (“Approved Project Costs”). The Town may retain, at Beacon’s sole cost and expense, a construction consultant to assist in the Town’s review and approval of the construction component of such budget. Proceeds of the Loan shall be disbursed by the Bank pursuant to requisitions in the form mutually agreed upon by the Bank, Beacon and the Town. If the construction inspection consultant for the Bank and/or Beacon’s tax credit equity provider for the Project is willing to allow the Town to rely on its reports, the Town will consider jointly utilizing the services of said construction inspection consultant, subject to the Town’s review and approval of the selected construction inspection consultant and the contract for such services. Otherwise, the Town may elect to retain, at Beacon’s sole cost and expense, an independent

construction inspection consultant to review and recommend to the Town, approve of all requisitions to be funded by proceeds of the Loan.

Condominium Conversion: If prior to the Maturity Date, Beacon converts the market rate units in the Property to condominiums, the Loan Amount plus accrued interest shall be repaid prior to the Maturity Date per the following calculation:

- Gross Sales Price, *LESS*
- Broker's Fees¹, *LESS*
- Condominium Conversion Costs², *LESS*
- Full repayment of the outstanding first mortgage, *LESS*
- Full payment of Beacon's unrealized Developer Fee and accrued interest³, *EQUALS*
- Cash Available for Loan Amount

Once the Loan Amount plus accrued interest has been fully repaid, any excess Condominium Conversion proceeds shall be distributed 25% to the Town and 75% to Beacon. Once Beacon has earned its maximum profit under M.G.L. Chapter 40B (which for purposes of the Loan, shall be deemed to include the interest earned on the Developer Fee), the Town shall receive all additional Condominium Conversion proceeds upon the conveyance of each unit.

Loan repayments (principal and interest) shall be deposited into the Town's Community Preservation Fund and other net proceeds shall be deposited into the Town's General Fund.

The loan agreement between the Town and Beacon shall provide for the Town's approval of (i) the condominium documents to govern the Property, (ii) the marketing plan for the condominiums, which shall be in compliance with all applicable legal requirements; and (iii) the minimum release prices for the units.

Loan Documents: The Loan will be evidenced by a loan agreement, second mortgage, second assignment of leases, second assignment of contracts and permits, and such other agreements and documents as the Town may reasonably require and as are usual and customary for loan transactions. The Town shall be indemnified against all environmental liability. The intercreditor and subordination agreement between the Town and the Bank shall include mutually agreed upon restrictions upon changes to the terms and conditions of the Bank loan. A Beacon affiliate reasonably acceptable to the Town shall execute and deliver a non-recourse carve-out guaranty and environmental indemnity agreement for the benefit of the Town. At the Closing, the Town shall also require such opinions of Beacon's counsel as are usual and customary in like loan transactions.

¹ If Beacon acts as a broker, the total Broker's Fee shall not exceed 5% of the Gross Sales Price, inclusive of co-broker commissions.

² Condominium Conversion Costs are currently estimated at \$30,000 per unit. This number includes new appliances, repainting, refinishing the floors, new bath and kitchen fixtures, and new cabinets. It also includes carrying costs (insurance, loan interest, etc.) between the time the unit is vacated by a renter and sold. Only the actual Condominium Conversion Costs incurred at the time will be attributed to this line item. These costs must be approved by the Town.

³ As more fully described in the Developer Fee section herein.

Restriction on Transfer: The loan agreement shall provide that the Property cannot be transferred prior to the condominium conversion without the Town's approval, not to be unreasonably withheld.

Developer Fee: Beacon Communities Development LLC, or an affiliated Beacon entity, shall be entitled to earn the maximum Developer Fee as regulated by the Massachusetts Department of Housing and Community Development ("DHCD"); notwithstanding the foregoing, the Developer Fee shall not exceed \$_____. The Developer Fee shall be inclusive of Beacon's internal overhead costs and Beacon shall be entitled to receive 50% of its Developer Fee over the course of the construction period, not to exceed \$2,000,000, pursuant to a schedule mutually agreed to by the Bank, the Town, and Beacon. The remaining unpaid Developer Fee shall accrue at a 3% compounded interest rate beginning at Project completion, and be paid in accordance with the Condominium Conversion section herein.

Other Requirements:

- The Town shall review and approve a budget for the Project for the total estimated costs that will be incurred by Beacon in connection with the construction ("Approved Project Costs"). All permits, plans, specifications, contracts and construction documents shall be reviewed and approved by the Town and its Project consultants.
- The Property must have satisfied all reasonable engineering and environmental requirements, including at a minimum, a Phase I Site Assessment which indicates the Property is in compliance with applicable environmental laws and regulations (or if it is not so compliant, the Town Loan Documents shall require that, as part of the Project activities, the Property be remediated in accordance with all applicable environmental laws and regulations). Beacon shall provide reliance letters granting the Town reliance on all of Beacon's environmental reports.
- The Town shall receive at Beacon's sole cost and expense, an independent appraisal of the Project (whether commissioned by the Town or by the Bank and the Town jointly) that shall support the proposed equity/debt structure for the Project.
- The General Contractor shall provide 100% payment, performance, and lien bonds. The Town may review the General Contractor in terms of experience, financial strength and bonding capacity.

III. Sewer Enterprise Zone

Description: The Town shall establish a Sewer Enterprise Zone that will result in the issuance of municipal bonds to fund the construction of a wastewater treatment plant ("WWTP") to serve the Property, and at the Town's discretion, other users as well. The draft Groundwater Discharge Permit approved by the State Department of Environmental Protection ("DEP") to Easton Shovel Shop, LLC, the Property's current owner, allows for discharge of up to 36,000 GPD. Based on Beacon's current plan, it anticipates utilizing approximately 21,500 GPD, resulting in approximately 14,500 GPD of net capacity under the existing Groundwater Discharge Permit that can be utilized by the Town's designated other users. At the Town's discretion, the design capacity of the building structure that will house the WWTP shall be increased in order to accommodate the capacity for an additional future WWTP to create total wastewater treatment capacity at the Property of up to approximately 50,000 GPD. The parties acknowledge and agree

that at the Town's election, the Town may construct such second WWTP to provide such additional capacity.

Construction, Operations and Maintenance: The Town shall construct, operate, maintain and be responsible for regulatory requirements with regard to the WWTP (and any additional WWTP installed by the Town as contemplated above), other than the DEP Groundwater Discharge Permit to be assigned to the Town on the Closing Date (see Permitting Section below). Beacon shall grant a perpetual real estate interest to the Town for the construction, operation, and maintenance of the WWTP(s) and related leaching field. The Town shall ensure that the initial WWTP is completed and operational prior the Project's receiving its first Certificate of Occupancy. The Town and Beacon shall work together to obtain an easement or fee simple interest (at no cost to the Town) in the NStar parcel located along Oliver Street that could serve as additional land for the leaching field as well as passive open space available to the public.

Funding: The proceeds for the approximately \$1,500,000 cost of the initial WWTP's design, permitting, and construction shall be generated through the issuance of municipal bond financing. Beacon shall make available land on the Property (at no cost to the Town) for the WWTP(s), the structure containing the same, and the leaching field. Each user shall be assessed a quarterly debt service fee and a quarterly operating and maintenance fee based on a percentage that represents its actual usage (collectively the "Fee"). Included in the Fee for users other than those located on the Property shall be a reasonable charge to be mutually established by Beacon and the Town for the use of the Property. The Town intends to assess against each user not located on the Property, a one-time betterment fee for street infrastructure costs. The Town shall be the sole party responsible for establishing the Fee amount.

Other Users: The net excess capacity of the initial WWTP or of any subsequent WWTP constructed by the Town shall be distributed to additional users at the Town's sole discretion.

Permitting: Beacon and the Town shall work cooperatively to complete the WWTP's permitting process. The Town shall be responsible, at its sole cost and expense for permitting the structure in which the WWTP(s) shall be located. On the Closing Date, Beacon shall cause the DEP Groundwater Discharge Permit for the Property to be assigned to the Town, for nominal consideration, and cause any notice thereof required under applicable regulations to be provided to DEP.

IV. Urban Center Housing – Tax Increment Financing (UCH-TIF) District

Description: In order for Beacon to obtain the required amount of debt necessary to finance the Property, real estate taxes shall remain at their current level, plus an annual adjustment factor as noted below, until the market rate units are converted to condominiums or twenty years, whichever occurs first. The Massachusetts Department of Housing and Community Development ("DHCD") requires that a portion of the new housing units be affordable to households with incomes at 80% of area median income or less, unless a lesser percentage is approved by DHCD.

Approval Process: The Town shall recommend for approval at Town Meeting, a UCH-TIF Plan and Zone that will encompass at least the entire Property. The Town Meeting warrant shall permit the Selectmen and Beacon to negotiate and execute, subject to the DHCD's approval, a

UCH-TIF Agreement that shall comply with the requirements of the applicable State regulations (760 CMR 58.07). The UCH-TIF Agreement shall state that the assessed value of the Property will be equal to the assessed value of the Property in the Town fiscal year in which the Closing occurs, which is expected to be fiscal year 2011 (defined in 760 CMR 58.03 as the "Base Value"). The Base Value shall increase each fiscal year by the Inflation Factor (as defined in 760 CMR 58.12) that shall be set as the lesser of 5% or the Consumer Price Index applicable to the Town. The Town and Beacon intend, to the extent permitted by applicable law, that after the Property is converted into condominiums, each unit conveyed will be assessed and taxed at its full market value in compliance with applicable law (i.e., in the next Town fiscal year).

Affordable Housing Restriction. In accordance with DHCD regulations (760 CMR 58.08), a 40-year affordable housing restriction will be recorded against the Property with respect to the affordable apartment units.

Beacon shall reimburse the Town within thirty days of receipt of an invoice for the Town's fees and expenses (legal, engineering, financial consultant, etc.) incurred in connection with the Project, other than (i) the Town's permitting of the structure that will house the wastewater treatment plant, or (ii) the costs of amending the DEP Groundwater Discharge Permit, for which the Town shall be responsible.

Beacon currently contemplates that the Closing will occur in the 4th quarter of 2011 and that construction will commence soon thereafter. Beacon also anticipates that construction will occur in a single phase and be completed within 12-14 months, subject to weather delays and the like. Construction completion and other Project milestones shall be set forth in the loan agreement to be negotiated between Beacon and the Town.

This letter of intent is non-binding and is intended to set forth the framework within which Beacon and the Town agree to work cooperatively towards the Closing and the redevelopment of the Property, thereby enriching the cultural heritage of the Town, adding to its housing stock and open space resources, and preserving an important complex of historical buildings.

Sincerely,

TOWN OF EASTON

BEACON COMMUNITIES
DEVELOPMENT LLC

By: Beacon Communities Corp., its
Manager

By: _____
Colleen Corona, Chair
Board of Selectmen
Duly Authorized

By: _____
Howard E. Cohen
Duly Authorized

**TOWN OF EASTON
COMMONWEALTH OF MASSACHUSETTS**

WARRANT FOR SPECIAL TOWN MEETING

April 5, 2010

BRISTOL, SS.

To either of the Constables of the Town of Easton in the County of Bristol:
GREETINGS:

In the name of the Commonwealth of Massachusetts, you are hereby directed to notify and warn the inhabitants of the Town of Easton qualified to vote in elections and Town affairs to meet in the Oliver Ames High School Auditorium in said Easton on Monday, the 5th day of April, next, at 7:00 P.M., then and there to act upon the following articles:

ARTICLE 1. CPA FUNDING FOR AMES SHOVEL WORKS PROJECT

To see if the Town will vote in accordance with the recommendation of the Community Preservation Committee to appropriate a sum of money by transfer from available Community Preservation Funds, historic preservation reserves and community housing reserves, and to appropriate by borrowing pursuant to G.L. Chapter 44B, §11, for the purpose of funding a community preservation project on the property known as the Ames Shovel Works, located at 26, 28 and 34 Main Street and 13 Oliver Street, and listed on Assessors Map 16 as Lots 127, 129, 129A and 129B and for the purpose of purchasing an historic preservation restriction on said property, and further, to authorize the Board of Selectmen to take all actions necessary to carry out said project, or take any other action relative thereto.

Submitted by

Explanation:

Vote Required: 2/3 Majority

Selectmen Recommendation:

Finance Committee Recommendation:

ARTICLE 2. CREATE SEWER ENTERPRISE FUND

To see if the Town will vote to accept the provisions of Massachusetts General Laws Chapter 44, §53F½ to establish a Sewer Enterprise Fund, said fund to be effective in FY 2011, or take any other action relative thereto.

Submitted by Board of Selectmen

Explanation:

Vote Required: Majority

Selectmen Recommendation:

Finance Committee Recommendation:

ARTICLE 3. FUNDING FOR WASTEWATER TREATMENT FACILITY

To see if the Town will vote to raise and appropriate, appropriate by borrowing, or appropriate by transfer from available funds the sum of \$_____ for the planning, design, and construction of the North Easton Village Wastewater Treatment Facility and appurtenances; to determine whether this appropriation shall be raised by borrowing from the Massachusetts Water Pollution Abatement Trust or otherwise; and to take any other action relative thereto.

Submitted by Board of Selectmen

Explanation: This article is requesting authorization to provide a capital appropriation for a wastewater treatment facility to be constructed to service certain built-up portions of North Easton Village including the facilities being planned for the Shovel Shop development, so called. Besides granting the Selectmen the authority to borrow under Massachusetts municipal finance statutes, the article gives the Board of Selectmen authority to apply for, accept, and expend any federal and/or state grants and/or funds from the proceeds of any federal and/or state low interest loan programs for the purpose of financing the project and/or reducing the local share impacts of the project.

Vote Required: 2/3 Majority

Selectmen Recommendation:

Finance Committee Recommendation:

ARTICLE 4. ADOPT TAX INCREMENT FINANCING DISTRICT

To see if the Town will vote pursuant to Massachusetts General Laws Chapter 40, §60 and any other applicable statute, to approve of and adopt the North Easton Village Tax Increment District Plan ("TIF Plan") dated March 10, 2010, and to establish the Urban Center Housing - Tax Increment Financing District (UCH - TIF) zone, as delineated on a plan entitled: "North Easton Village Urban Center Housing Tax Increment Financing District (UCH - TIF)", dated February 2010 (GIS Map Prepared By Easton DPW) as fully described in the TIF Plan, a copy of which is on file at the Office of the Board of Selectmen/Town Clerk/Planning and Development; to authorize the Board of Selectmen to execute any agreements or documents relating thereto, and to take such other actions as are necessary or appropriate to implement those agreements and documents; to authorize the Board of Selectmen to approve and certify proposed projects as provided in the TIF Plan; to authorize the Board of Selectmen to apply to the Commonwealth of Massachusetts Department of Housing and Community Development for approval of all such projects; and to take such other and further action as may be necessary or

appropriate to carry out the purposes of this article, or take any other action relative thereto.

Explanation:

Vote Required: Majority

Selectmen Recommendation:

Finance Committee Recommendation:

ARTICLE 5.

To transact any other business that may legally come before said meeting.