

## NOTICE OF LEASE EXPIRATION

November 1, 2011

Dear [NAME]

This is formal notice to you that your lease of the Town of Essex's property now or formerly known as [address] expires on December 31, 2011. Pursuant to Paragraph 3 of the Lease, the Lease will not be renewed beyond that date. Please be advised that any and all rights that you may have under said lease shall be extinguished on December 31, 2011 and the Town does not consent to your continued occupancy of the Property beyond that date, except under the express conditions set forth herein.

Although your existing lease will not be renewed, the Conomo Point Commissioners are offering you an opportunity to enter into a new short-term lease for the same property, referred-to as a "Bridge Lease". A Bridge Lease is enclosed herewith for your consideration. If you return a signed Bridge Lease to the office of the Town Administrator by November 30, 2011, you will be permitted to occupy the property after December 31, 2011 pursuant to the terms of the new Bridge Lease (please note that if your property is limited by the Bridge Lease to seasonal occupancy, you may begin re-occupying on April 15, 2012). If the Town does not receive a signed Bridge Lease from you by November 30, 2011, you will be deemed to have rejected the Town's offer and you will be required to vacate the property in accordance with the terms of this Notice.

In arriving at the final terms of this Bridge Lease, the Commissioners consulted with a group of current Conomo Point leaseholders in an effort to develop a new short-term arrangement that takes into account the interests of the various stakeholders in the Town's process of planning for the future use of its property at Conomo Point. In addition, the Town retained the services of a Massachusetts Certified General Appraiser to develop two opinions as to the value of the property – one as to the value of the property as vacant land and one as to the value of the property as currently improved. The appraiser's opinion as to the value of the portion of the property currently leased by you is enclosed herewith for your reference and the appraiser's full report is available on the Town's website.

As a result of this planning process, it was determined by the Commissioners that the appraiser's opinion of value may not have taken into account all of the factors currently affecting the market value of the property. More specifically, the Commissioners learned that some tenants believe that they own the buildings and structures on the Town's land. Although the Commissioners dispute any such claims, they recognize that the costs of defending the Town's interests in these buildings or structures, when combined with the risk attendant with any litigation of this nature, means that the buildings and structures have a diminished value to the Town. In addition, the appraised value of the property was based on the assumption that the State Legislature would give the Town an exemption from Chapter 30B in order to give Bridge

Lease holders an option to purchase or long-term lease. As of this date, the Legislature has not acted on the Town's request in this regard, injecting an air of uncertainty into the process.

Therefore, without waiving any rights that the Town may have to claim ownership of the buildings and structures in the future, and in order to resolve this dispute without the need for costly litigation, the Commissioners are offering you a Bridge Lease at a rate that recognizes all of the factors affecting the value of the property. More specifically, the Town used the appraiser's opinion as to the fair market value of the land only and multiplied it by a factor of two and one quarter percent (2.25%) to determine the rent for the first year of the Bridge Lease. Although there is no guarantee that the Bridge Lease will be renewed after the first year, if the Bridge Lease is renewed, the rent will be adjusted to a factor of three percent (3.0%) of the land-only value for the second year and three and three quarters percent (3.75%) of the land-only value for any third year.

The Commissioners believe that the rent set in this Bridge Lease reflects the fair market rental value of the property when taking into account the above-referenced factors. The Commissioners also believe that the terms of the Bridge Lease are fair and reasonable in light of the current circumstances surrounding the property. If, however, you do not wish to enter into a Bridge Lease, you are hereby ordered by vacate the property by December 31, 2011. If you are currently a seasonal occupant, vacating the property shall mean removing all items of personal property. Please be advised that, unless you execute a Bridge Lease, the Town does not consent to any occupancy or entry onto the property after December 31, 2011 and if you do not vacate the property by that date, you are remaining on the property without right and the Town will take the appropriate legal actions to remove you and your belongings from the property.

Even if you choose not to enter into a Bridge Lease, it is still the Commissioners' desire to resolve any disputes concerning ownership of buildings or structures without resorting to litigation. Therefore, without waiving any rights that the Town may have, the Commissioners will give you the option of removing any such buildings or structures at your own expense. If you choose to exercise this option, you must notify the Commissioners of your intent to do so, in writing, by the close of business on November 30, 2011. Said notice must be accompanied by a duly executed contract with the individual or entity that will be performing the removal work and it must include the date by which the building or structure will be removed. Any notice that fails to specify such date or that fails to include a duly executed contract will be rejected and you will be deemed to have declined the option. The Commissioners also reserve the right to reject any notice that results in the building or structure remaining on the property for an unreasonable period of time beyond December 31, 2011 and if you fail to remove the building or structure by the date specified in your notice, it will be considered abandoned.

Please be advised that, if you choose the removal option, you will be subject to all applicable laws and regulations concerning the removal of buildings or structures and the use of public ways for that purpose and you will be solely responsible for obtaining any and all necessary approvals from Town officials and public utilities and nothing herein shall be interpreted as a waiver of the Town's regulatory responsibilities in this regard. In addition, you will be required to indemnify and hold the Town harmless with respect to any damages suffered by any person in connection with your decision to move the building or structure. Nothing

herein shall be deemed an authorization for you to occupy the property at any time beyond December 31, 2011.

Please be further advised that if you do not execute a Bridge Lease or provide proper notice of your intent to remove the building or structure by the date specified herein, the building or structure will be deemed abandoned and you will be deemed to have waived any objection to the Town's ownership of the building or structure. Therefore, you are reminded that the current lease prohibits the making of any alterations to the building or structure without the express written permission of the Commissioners and if you cause the building or structure to be damaged, stripped or defaced in any way, you may be held liable to the Town for any damage you cause.

The rental rate set forth above and/or the opportunity to remove buildings and structures from the property are being offered solely as a compromise of disputed claims and by making such offers the Town is not making any admission or concession, express or implied, that it does not own any or all of the buildings and structures on its property at Conomo Point, and the Town expressly reserves its right to contest any claim of ownership to such buildings and structures by any party should it be required to do so.

There are two copies of the Bridge Lease enclosed herewith for execution. If you wish to enter into a Bridge Lease, please have all individuals named therein sign both copies and return both originals to the Office of the Town Administrator by the close of business on November 30, 2011. Once the originals are signed by the Commissioners, one original will be returned to you.

Finally, we would like to invite you to an information session on November 7, 2011 at 7:00 p.m. at the Essex Elementary School at which we will explain the requirements and options that we have outlined above. Thank you.

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Jeffrey D. Jones

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Lisa J. O'Donnell

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Susan Gould-Coviello

CONOMO POINT COMMISSIONERS

Attachment: appraisal information