THE REDEVELOPMENT OF BIRD MILL,
EAST WALPOLE, MASSACHUSETTS:
Public/Private Profit from Rehabilitation and Reuse

by

PAMELA CAROL CHICKLIS
A.S. Civil Engineering Technology, University of Lowell
(1984)

SUBMITTED TO THE DEPARTMENT OF URBAN STUDIES AND PLANNING
IN PARTIAL FULFULLMENT OF THE REQUIREMENTS
FOR THE DEGREES OF

MASTER IN CITY PLANNING

and

MASTER OF SCIENCE IN REAL ESTATE DEVELOPMENT

at the
MASSACHUSETTS INSTITUTE OF TECHNOLOGY
August, 1986

Signature of Author ______________________
Department of Urban Studies and Planning
August, 1986

Certified by ______________________
Professor Gary Hack
Thesis Supervisor

Accepted by ______________________
Professor Phillip L. Clay
Chairman, MCP Program

Accepted by ______________________
James McKellar, Chairman
Interdepartmental Degree Program in Real Estate Development

THE REDEVELOPMENT OF BIRD MILL, EAST WALPOLE, MASSACHUSETTS: Public/Private Profit from Rehabilitation and Reuse

by
Pamela C. Chicklis

Submitted to the Department of Urban Studies and Planning on August 15, 1986 in partial fulfillment of the requirements for the Degrees of Master in City Planning and Master of Science in Real Estate Development

ABSTRACT

The redevelopment of the Bird, Inc. manufacturing facilities in East Walpole, Massachusetts, represents both a potential benefit to the Town as well as an immediate challenge to the developers. The owners of the 380,000 square foot historic mill complex and surrounding fifty-four acres of land purchased the properties nearly one year ago. Since that time, feasibility studies, public reviews, and architectural and engineering work have been executed on various components of the development.

This report outlines a process for the multi-phased development of a mixed-use mill pond community on the site. With this plan as a guide, the developers should be able to formalize their ultimate development goals, both physical and economic, and proceed with implementation.

Chapter I briefly describes the intention of this report. Chapter II looks at the regional and local Walpole market conditions, including residential and commercial demand for space. Chapter III summarizes the development objectives of the Town, the neighbors of East Walpole, and the developers. Chapter IV describes the mill site's physical environment and the proposed site plan. Chapter V provides a recommended development program including mix of uses, building specifications, access and parking mitigations, and opportunities for amenities and recreational uses. Chapter

VI outlines a process for implementation of the development project from the public review and approval schedule, to the long term management strategy for the properties. And finally, Chapter VII concludes this report with observations on the mill pond development and transferability to other projects.

The recommended program herein combines rehabilitation of the mill structures and complimentary new construction within a superior quality landscape. Residential, the primary component, is joined by office, retail, service, and entertainment uses. The most feasibile financial structure is outlined and calls for a three-phased construction schedule with sole ownership and private financing.

Both the owners and East Walpole community will benefit from this scenario of long term ownership and management. Positive external effects from the development will also guarantee appreciation of property values and an increased quality of life for the Town.

Thesis Supervisor: Professor Gary Hack
Title: Professor of Urban Design

TABLE OF CONTENTS

LIST OF FIGURES

TABLE OF APPENDICES

I INTRODUCTION TO THE REPORT

The Bird Mill complex represents a most exciting development opportunity in the town of East Walpole, Massachusetts. By transforming historic buildings and an underutilized waterfront into a fully integrated mixed use environment, there will be benefits to both investors and users. The following action plan will enable project principals, public administrators, advisors, and investors to implement and track the process of developing a mill pond community.

Since the 1985 closing and subsequent sale of the Bird and Son, Inc. manufacturing facility, the over 380,000 square feet of vacant space and fifty-four acres of land have attracted much attention. However, until a general plan is adopted by both owner and Town, the complex financing scheme necessary to accomplish the full scope of this project will not be feasible.

Strategies for development projects combining rehabilitation of historic structures, new construction, residential subdivisions, and major site improvements, consisting of a number of parcels and phases, clearly must allow for flexibility. It is my hope that this document will outline a framework for development with specific details resolved through day-to-day project management.

II MARKET ANALYSIS

Understanding the past performance of and forecasted demand for residential and commercial developments in the Walpole area is the first step toward designing a program for the mill pond development. The local Walpole market has traditionally lagged behind that of the metropolitan Boston area in terms of population, income, and employment growth. Consequently, the Town did not begin experiencing the regional development surge of the 1980's until just recently. This situation allows a simple forecast of the local market to be generated by observing the regional market and adjusting for economic factors specific to Walpole.

Regional Conditions

It has been well documented that regional economic trends have parallelled the national shift from manufacturing to service sectors.

The U.S. Bureau of the Census and private market consultants alike forecast that New England's prominence in high technology and service industry growth will continue. Although employment in these sectors may grow less quickly than previous record levels, a healthy economic base is anticipated into the next decade. With the increase of suburban and back-office demand from traditionally urban firms, the suburban Boston area office absorption will begin to decrease the existing 12.6% vacancy rate. And with this increased commercial activity, housing demand will become more critical than ever.

Residential markets in the metro Boston region exhibit the recent trend of decreased household size due to more single and two-person home occupancies. This condition generates greater demand for smaller housing units located closer to jobs and services. However, fewer moderately priced homes, multi-family, and rental units desired by new households have been produced than high priced, single family homes.

Many factors contribute to this condition: for the past ten years, housing production in the region has fallen short of demand. Commercial development, however, has escalated rapidly, absorbing much of the construction labor force. High labor costs, due in part to the shortage of available construction workers, have forced home building costs higher. In addition, cities and towns have increasingly demanded more fees, public improvements, and costly construction methods from home builders.

For these reasons, developers with approvals to build housing on a parcel of land are encouraged to continue producing the high priced units observed today. With the recent increase in personal income as well as in equity appreciation realized from home sales, these expensive homes are being purchased. Thus, the incentive to build more moderately priced units remains low.

The Walpole Market

The situation in Walpole reflects this regional profile of a general shortage of affordable homes, although numerous residential subdivisions and a small number of multi-family developments have recently been developed. Many young couples with a family in Walpole can no longer afford to purchase either new or existing homes there. The rapid escalation in high priced housing development has become a major concern of the Town. The mill pond development should help satisfy current and future residential demand by offering moderately priced units to local and outside residents.

The Massachusetts Department of Commerce characterizes Walpole as a manufacturing and residential town. In this town of nineteen thousand with a median age of thirty, many residents are becoming first time home buyers. A greater than national average of over thirteen percent college attendees helps generate the relatively high median household income of $28,000. In addition, the sixty-five percent incidence of two-earner households in Walpole represents the generally stronger buying power and greater demand for goods per household observed regionally.

The employment statistics also reflect the region's economic situation; unemployment in Walpole is a very low 3.5% despite the twenty-one percent decline from 1970 to 1984 in manufacturing employment. However, the employment breakdown using 1984 data still places manufacturing first at 32% of total Walpole jobs, while retail, the second largest employer, represents twenty-six percent of total jobs. Government and service industries also account for a sixteen and thirteen percent share of local jobs respectively.

Currently, sixty-eight percent of employed Walpole residents commute to out-of-town jobs which results in a substantial thirty-two percent incidence of local residents working in Walpole. This number of resident-held jobs may in fact increase with overall employment growth if plans currently in negotiations for a 340-acre industrial park adjacent to the Bird complex materialize. Many workers would prefer shorter commuting distances offered by local jobs, and apply for postions with new employers. Other potential employers for the Walpole as well as non-local labor force include a recently approved 340-bed life care community and two new developments along Rte. 1 for commercial and industrial uses.

East Walpole itself represents a unique neighborhood within the Town of Walpole. Older single-family homes predominate, yet recent subdivisions and condominium developments have begun to affect the local market. The Washington Street neighborhood retail and services will enjoy an increasing consumer base, however, new and proposed residential units will demand a greater quantity and variety of commercial activity.

The mill pond development constitutes a positive addition to the East Walpole community, a mixed-use complex offering commercial and residential uses to the Town, and a unique attraction for regional users. Specific uses and target markets guarantee a dynamic environment, unique among other mixed use developments in that the mill pond complex already enjoys a definite status in the Town.

III DEVELOPMENT OBJECTIVES

The recommended development scenario described in this report was generated as a response to a variety of goals and objectives, both private and public. Acknowledgement of all parties' interests--official Town policies, the East Walpole community, and the developers--was of primary concern. The lengthy development process for the mill pond project can be expected to include political hurdles, unanticipated changes, and challenges from external circumstances. Consequently, the success of the project lies with the parties' relationships with one another. Open, clear channels of communication must be retained to ensure continued progress and consistent treatment of all parties' concerns.

Public Goals

The Town's goals, specified in the 1985 Master Plan Update, address three major areas of concern: demographic change and resultant development pressures; infrastructure requirements especially pertaining to wetlands and roads; and quality of life including historic town character, open space, and recreation.

Development in Walpole has increased dramatically over the past five years. The regional housing shortage encouraged many new residential developments and subdivisions to be built in the Town, taking advantage of the superior natural environment. However, Walpole's regulatory mechanisms were insufficient to control and manage the growth. Consequently, population increased and more residential and commercial developers entered the Walpole market. Specific goals cited in the

Master Plan include curbing suburban sprawl, tightening regulatory development controls, and encouraging mixed income housing, especially affordable units.

The town of Walpole is very old; infrastructure systems are consequently deteriorated and in need of complete upgrading or replacement. Increased development activity has also taxed these old systems. The Master Plan calls for major improvements to the road system, water supply, flood control, and sewage system. In addition, wetlands and aquifer protection have received much attention with the recent establishment of the Aquifer Overlay Protection District and By-Law.

East Walpole's third public objective, as described by the Town Administrator, is to preserve the existing quality of life; the community respects its small mill town heritage and wants to retain that character for future generations. However, Walpole's open space and natural environment are increasingly threatened by development activity and general disregard for the ecosystem. With this environmental threat, recreational opportunities are also endangered.

The East Walpole Neighbors

In addition to responding to town of Walpole concerns, the mill pond proposal should acknowledge the interests of the abutters, residents and merchants of East Walpole. One of their concerns is that a small number of recent residential complexes and subdivisions proved less than sensitive to the village environment of East Walpole. For example, one condominium developer recently built townhouses along Washington Street but faced their backs to the street. A chain link fence was also installed on the perimeter of the property, at the

Washington Street sidewalk, effectively cutting off all interaction between the development and the street.

Another concern relates to the disjointed center of East Walpole; the Town hopes to reknit the main commercial street together again. Currently, two centers of retail activity along Washington Street are bisected by a low railroad overpass and the vacant Bird Mill.

The mill pond developers plan to respond to the Washington Street challenge by removing the bridge and revitalizing the mill complex. Immediate visual access will be provided from southern Washington Street into the mill complex and pond, and north to the secondary shopping area. In addition, the revitalization of the mill buildings facing Washington Street and their subsequent reuse for retail and commercial will certainly improve East Walpole center. However, to complete the picture with pedestrian

and traffic improvements, street lighting and furniture, and a general upgrading of all Washington Street storefronts and signage, public incentives and technical assistance will be required.

The Developers' Objectives

The development partnership of David L. Wakefield and Michael Viano, February Realty Trust, holds specific quality and structuring criteria for the mill pond project:

- long term exclusive ownership and management of the development;
- creation of a well designed mixed-use environment;
- increasing the value of the existing mill structures and future new construction;
- making Bird Pond available for recreational use; and
- professional execution of the development project.

The physical plan for the development of the mill pond complex should respond directly to the first three objectives listed above. The program should integrate the specified mixture of functions with an interior network of open spaces and recreational facilities. Ideally, a development of this scope would offer an independent environment in which people could live, work, shop, and recreate. However, the potential for a completely isolated complex on this site must be eliminated.

Many factors contribute to the success of mixed-use projects, not the least of which is the relationship with surrounding neighborhoods. Mixed-use as well as residential developments have been criticized for not relating to, and in fact, "turning their backs" on their neighbors. Although the foci of these developments may have targeted regional markets rather than local, additional activity could have improved the projects' images, if not their economic success. Minimal design treatment to the edges of the structures could have also improved the quality of activities within the entire complex.

Design treatments for the renovated Bird Mill buildings and new construction on the perimeter of the site should include storefronts facing the street, signage for passers-by, and views and pathways into the complex. Parking decks and surface lots close to the street should be screened as much as possible and located so as to minimize their visual impacts.

The last objective is evidenced by February Realty's assembly of the development team. The complement of Walpole and non-local professionals ensures a broad-based planning process leading to a stronger program and finished product. The development team has already completed preliminary market and feasibility studies with much design work in process.

The mill pond proposal will be repeatedly scrutinized by the public, yet should be able to withstand all challenges through complete presentations of the development program. The developers have a distinct advantage over outside developers in that they have been doing business with, and are themselves long time friends and associates of many East Walpole residents.

VI THE MILL POND SITE

From the establishment of Walpole in 1724, its identity has remained consistent--a proud New England mill town with Puritan origins. Bird Mill represents an important historic and cultural resource which can be preserved through the sensitive redevelopment of the complex. With the establishment of a new neighborhood in the East Walpole village center, increased quality of life for all residents will be provided.

Bird Mill Today

The most striking characteristic of the development parcel is the visual quality of grand brick mill buildings situated in wooded foothills encircling the river-fed Bird Pond. At the height of the mill's production activity, its structures covered nearly the entire lot. Fortunately, the buildings that exist today are juxtaposed so as to offer the opportunity for successful renovations in conjunction with new infill construction.

The Mill Structures

Four substantial mill structures representing over 235,000 square feet and five smaller structures of approximately 44,000 square feet will be rehabilitated. Two additions of approximately 56,000 square feet were determined to be unadaptable for reuse and consequently are being considered for demolition.

While the majority of the structures are traditional New England brick mill construction, three of the buildings adjacent to the main street are wood frame. The most prominent of these, the historic corporate offices of Bird and Son, Inc. is situated at the former vehicular entrance to the mill complex. The

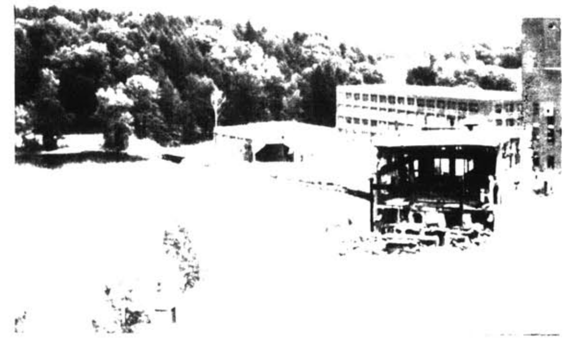
substantial Greek Revival structure with classical columns, keywork, and formal pedimented portico was at one time recognized by the community as a symbol of the distinguished position of both the Bird Corporation and family. This striking building could soon mark the new pedestrian entrance to the mill pond development.

Design guidelines for all renovation work to the mill buildings should generally conform to the Secretary of the Interior's Standards for Rehabilitation--not because compliance is required but because the guidelines more often than not outline the most efficient, aesthetic, and cost-effective methods for rehabilitating historic structures.

The key to successful reconstruction is to avoid the trap of matching the original construction. Entire new walls or additions should be treated as such, utilizing modern yet complimentary materials, construction methods and details. Continuity can be achieved through the consistent use of brick salvaged from the demolished buildings, narrow masonry joints, identical trim, similar window configurations, and coordinated paint colors. This philosophy also extends to new and future infill construction. Buildings should be designed not as mirror images of the historic structures, but as complements or back-drops.

Restoration of large brick mill structures is inherently straightforward. Chemical or detergent brick cleaning with low pressure water rinse, minor repointing, roof and cornice repair, and window replacement or repair can virtually be executed simultaneously; with such large surface areas on which to work, crews can be scheduled so that construction progresses sequentially and rapidly.

In contrast to the above scenario, three of the Bird Mill structures require major reconstruction. Renovations always carry an element of uncertainty in that little is known about the structure of a building until surfaces are uncovered and materials are tested. This situation is exacerbated in two of the mill buildings due to missing walls or sections of roof. These structures should not even be characterized as complete shells. However, the existing walls are sound, the structures are well sited, and one of them offers the potential for a unique finished product with double-height, oversized arched windows.



Physical Analyses

The following preliminary analyses were undertaken without professional consultation other than opinions from Town Hall. Numerous engineering studies will be required before the development program can be finalized. Specific items to be studies and the process by which contracts can be arranged are listed in the chapter on implementation process.

The Natural Environment

The classic New England landscape surrounding the former Bird Mill not only provides attractive views and backdrops for existing buildings, but also minimal physical constraints to development. The most striking aspect of the site is the hilly terrain which reaches more than sixty feet above Bird Pond. Superior views are offered of the entire site, the pond, and across to more wooded hills. Opportunities also exist for multi-levelled structures with discrete access to first floor parking.

The site's generous slope requires that special attention be paid to drainage and runoff. Exceptional technical problems are not indicated, however, and as soon as borings are taken for soil analyses, foundation type and locations for new construction can be finalized.

This site does not fall within the Town of Walpole Aquifer Overlay District, yet does contain land within the flood plain. Only a minor amount of such acreage results, however, from the 104 foot cut-off elevation which rings the pond. Proposed new construction, except for the promenade and accessory uses to residential buildings has been sited with sufficient setbacks so as to completely avoid the flood plain boundary; the exceptions are allowed by code within the cut-off elevation.

The existence of lush vegetation and mature forests represents a healthy natural

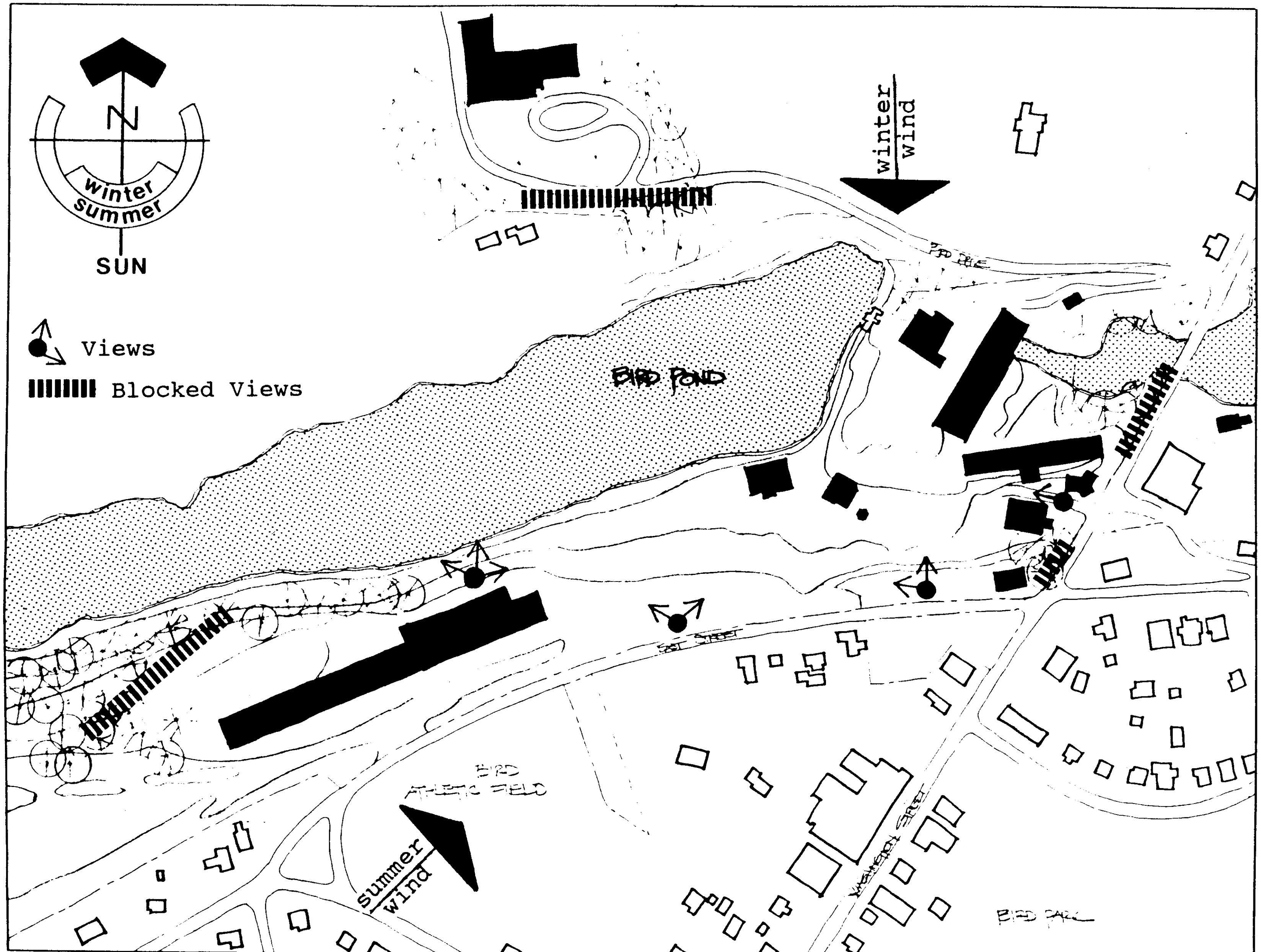


Figure 1 NATURAL ENVIRONMENT

environment. Adjacent land north and west of the site abutting Bird Pond is Town property; future protection and preservation of these woodlands is thus ensured. This actually increases the value of all adjacent property including that of the mill complex. The developers' respect for this natural asset coupled with their environmental philosophy have led to plans for the retention of as much of the existing forest as possible.

Bird Pond will certainly be the central focus of the site, providing attractive views and recreational opportunities. It has suffered, however, from years of sewage discharge, silt build-up, and lack of maintenance. Since the manufacturing and its discharging have ceased, the water quality has improved, yet the pond's overgrown edges will require clearing. If engineering studies determine a necessity to dredge the pond bed, an

island could be created offering an attractive addition to the new development. However, this costly scenario has not been incorporated into the financial projections and could possibly require public involvement.

Existing Conditions

Off-site physical conditions including land use, access to the complex, traffic, utilities, and zoning are summarized on the following plans. Existing access and traffic patterns as well as the blocked views may actually improve with the incorporation and new construction of the planned site improvements. Specifically, the new access road north to Mylod Street and the removal of the incline at the corner of Washington and East Streets, creating a view corridor into the complex, will greatly enhance the development.

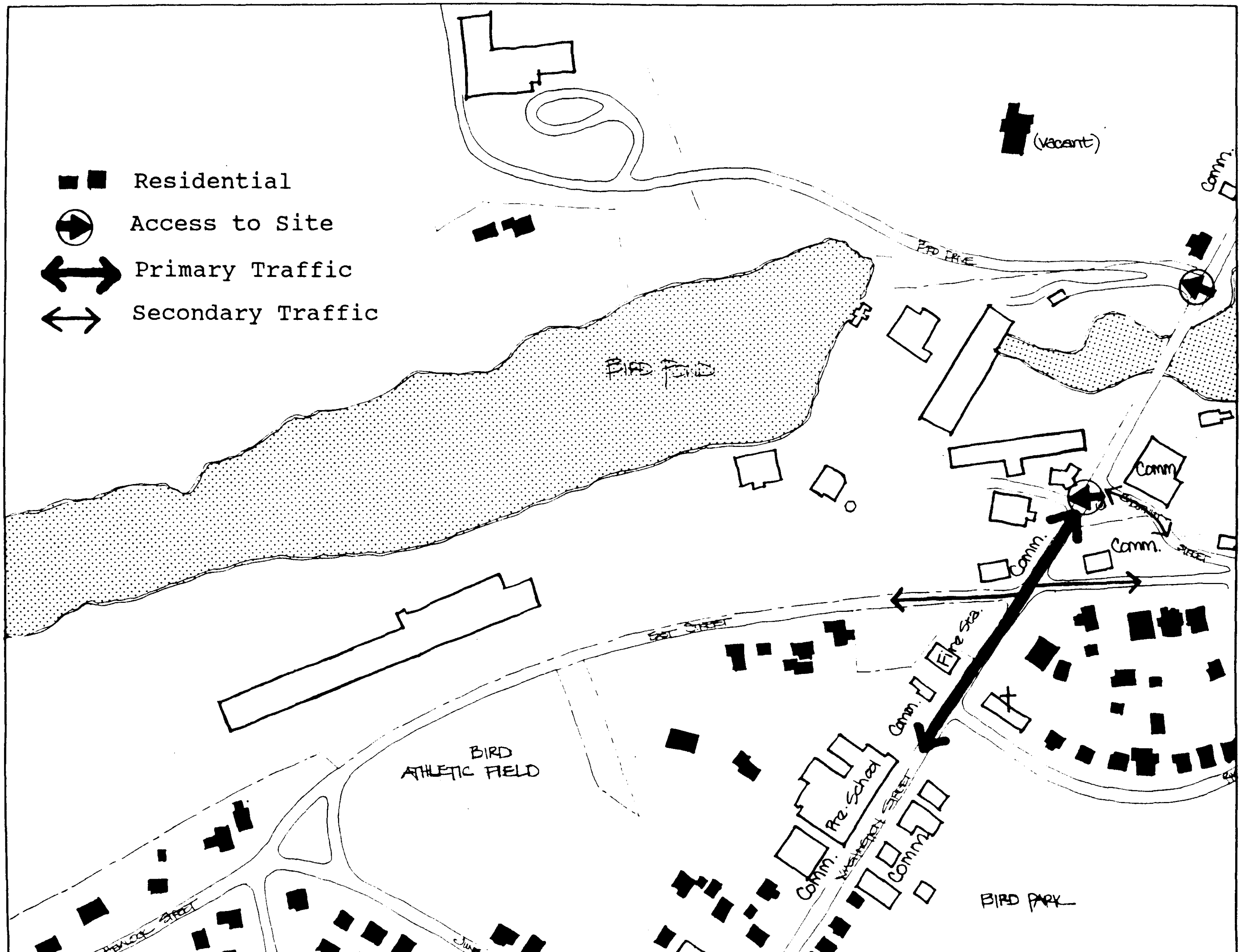


Figure 2 LAND USE/ACCESS

The current zoning for the Bird Mill complex is Limited Manufacturing. The adjacent Parcel 1, on which the townhouse condominiums will be built, is zoned General Residence, possibly allowing a grandfathered as-of-right development of the residential units. However, implications exist concerning the newly adopted Town restriction on multi-family development. If not grandfathered, the construction of eighty-seven condominiums would certainly exceed the fifty per year, five per developer maximum set by the Town. If not allowed, elimination of the townhouses' sales proceeds would preclude proceeding with the entire mill pond project. The rezoning and site plan approval strategy which would enable development of the complex as a comprehensive project or Planned Unit Development is described further in Chapter VI.

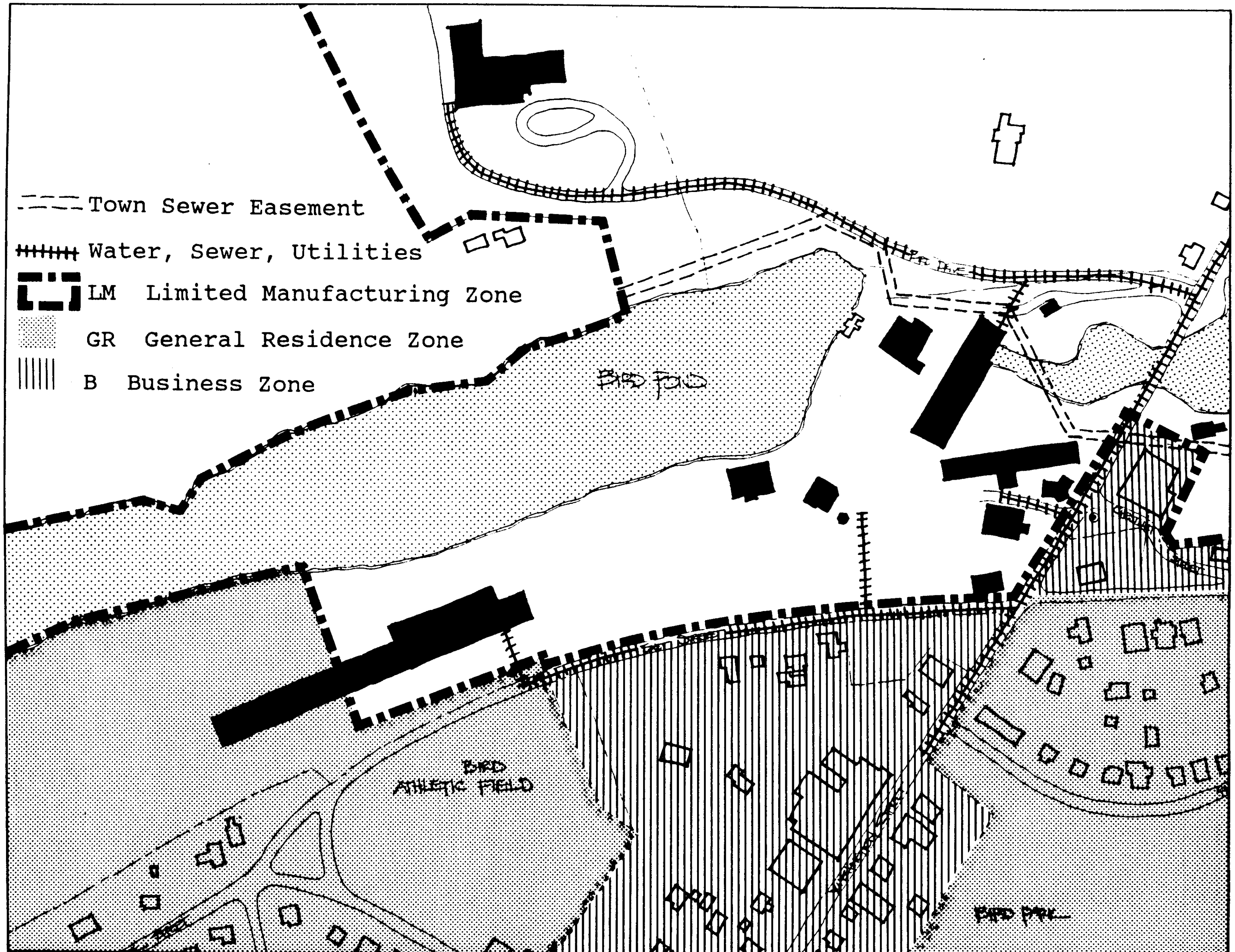


Figure 3 EXISTING CONDITIONS/ZON'NG

Site Plan

The following Site Plan shows the pedestrian and vehicular circulation network linking the rehabilitated mill structures, new townhouse condominiums, new construction, and parking. This final plan resulted from a design process that generated five alternative site plans, shown in Appendix A. They included extensive demolition and new construction, as well as a scenario that involved the sale of Parcel 3 to a light industrial use. The optimal scheme incorporates only a minor amount of demolition and new construction as detailed in the Building Specifications, Chapter V.

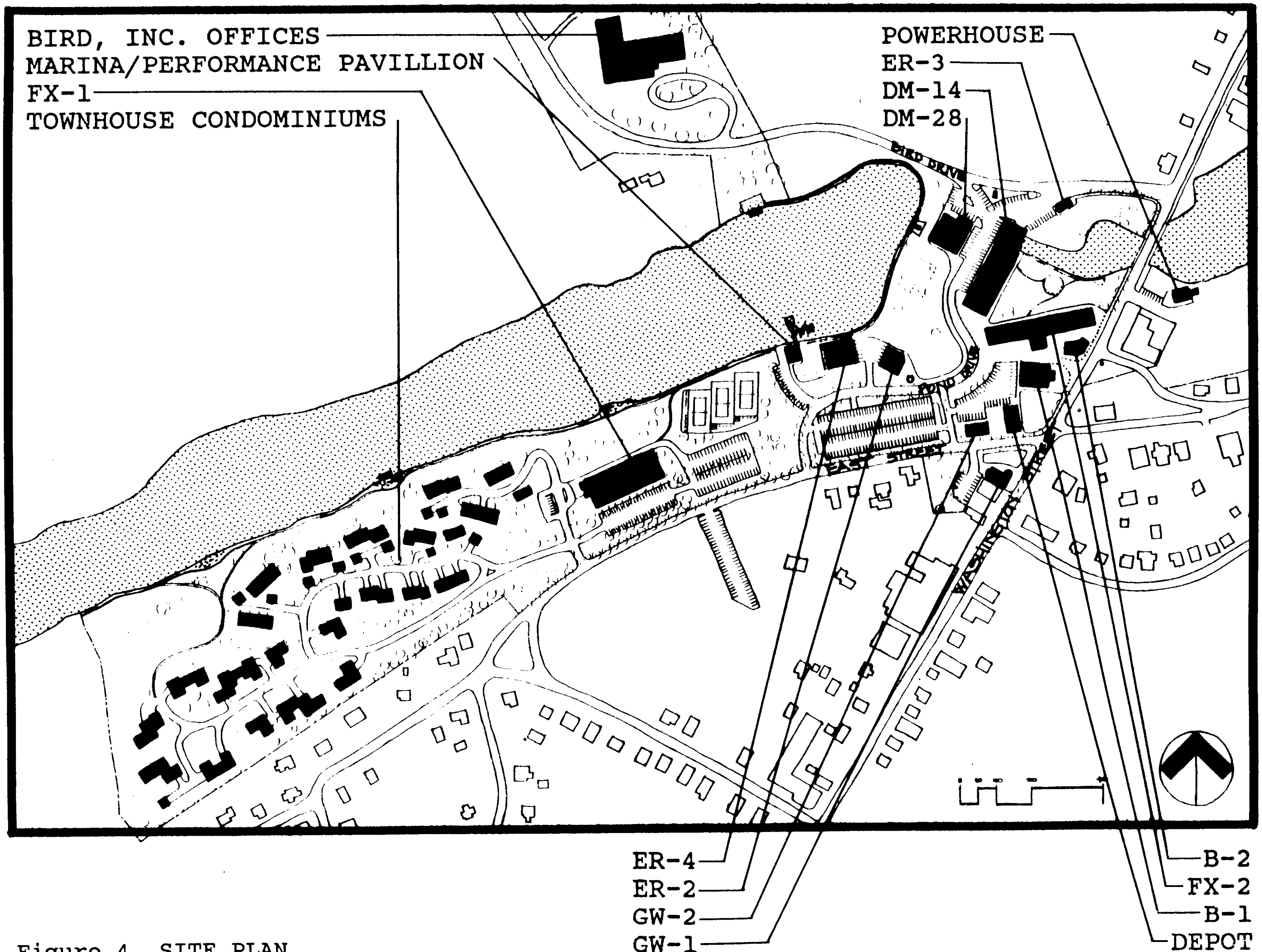


Figure 4 SITE PLAN

V THE DEVELOPMENT PROGRAM

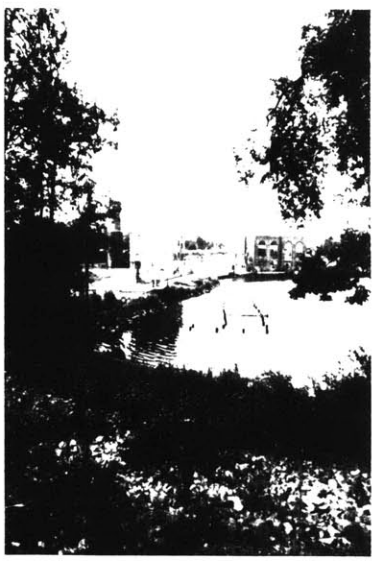
The purpose of the following development program is to guide the development process in a specific direction. Without parameters and a preliminary program to follow, future planning and negotiations would not have a basis on which to start and could run the risk of extending indefinitely. As previously stressed, flexibility must be retained as this program will undoubtedly be revised and more finely tuned with each subsequent step taken toward completion of the development process.

Mix of Uses

The concept behind this mill pond mixed-use development scenario combines a virtually self-contained residential community with commercial services, recreation, and amenities for the Town of Walpole. Within a well-designed and controlled framework, the pattern of buildings and open space focusing on the pond and waterfront will create a unique environment for residents, workers, and visitors. And most importantly, the mixture of uses will be such that interaction and generated activity will maximize all uses' potential for success.

The mix of condominiums, rental residential, office space, retail shops, personal and professional services, recreation facilities, and first class restaurants may initially seem to constitute an overwhelming variety of uses. However, a cohesive site should result from the linking together of all buildings with each other and with the waterfront through a campus-like network of pathways and open spaces.

The central focus of the pond may influence specific uses as well as provide attractive views. Restaurants and recreation facilities will certainly relate directly to the pond. Retail shops may take advantage of the water



theme in merchandising or in design and name. And commercial tenants may include corporate headquarters, offering executives attractive offices overlooking the pond.

The proposed uses for the development also represent a wide range within residential and commercial functions to satisfy both regional and local demand. Residential units will range from 1,400 square foot townhouses to 650 square foot rental apartments. Commercial tenants from small research and development companies requiring up to 18,000 square feet on one floor, to professional offices of 600 square feet would be considered. Both neighborhood service and specialty retail will complement the existing Washington Street activity as well as attract new consumer interest to East Walpole. And realizing Walpole's proximity to numerous high-income towns with strong demand for entertainment, four full-menu restaurants are proposed in addition to a variety of small eating establishments.

The development program includes rehabilitated space of approximately 266,000 square feet, new townhouses of 122,000 square feet, and new construction of just over 11,400 square feet. This represents: 167 condominium units; fifty-two rental apartments; 71,510 square feet of office space; 38,140 square feet of retail and service space; 23,600 square feet of restaurant space; 7,700 square feet of recreation facilities; and 81,300 square feet of temporary warehousing space--or the following mix of total space:

Residential	65%
Office	18%
Retail/Service	10%
Restaurant	6%
Recreation	2%

In addition to these uses, the Bird, Inc. corporate office building, located outside the proposed mill pond development at the top of Bird Drive, will contribute income to the complex. Descriptions of each structure's floor area, configuration, and use are detailed in the Building Specifications section starting on page 59.

Residential Uses

The primary use of the mill pond development is residential. Starter condominiums and rental units will be made available to single and first time households, as well as those wishing to locate close to work and shopping. New townhouse condominiums are planned for the segment of the market that desires home ownership yet can not, or will not pay the current high prices for single family homes. In both cases, the Town's requirements of historic theme, quality open space, and recreation for its residents can be fulfilled.

The proposed number of 219 residential units is the maximum amount currently planned for the three phases; the addition of more units in future phases is a possibility. These moderately priced units will target a variety of user groups--singles, elderly, young professionals, and "empty-nesters"--with specific economic requirements. However, quality design and construction standards are advised for the most cost efficient method of residential development and maintenance planning. In addition, open space amenities and recreational facilities should be provided for all ages.

Potential buyers for the first phase residential units include first time home purchasers as well as others interested in the strong potential for appreciation from the high quality condominiums and surrounding development. Both groups are affected by the region-wide condition of low turn-over rates of older housing stock due to high new home prices, and the general undersupply of affordable homes. These groups are most likely fully employed yet find it difficult to afford the down payment and carrying costs associated with the $200,000 to $600,000 houses offered in the area.

Potential buyers are not limited to young families, however. Older residents who no longer need large homes will find the low maintenance lifestyle, convenient services, and high quality restaurants in the complex very attractive.

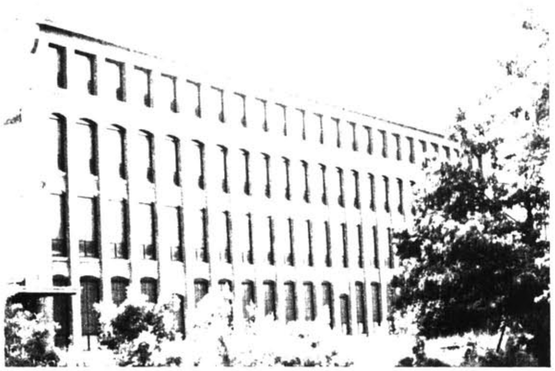
Comparisons of recent marketing information indicate a dramatic increase in the variety of condominium purchasers. Multiple Listing Service and local brokers calculate the number of new and existing condominium sales in the

Town during the past two years exceeding 150 with prices ranging from a previous low of $80 to a current high of $180 per square foot. Median condominium prices have more than doubled during this period representing approximately 35% appreciation per year.

Sales figures indicate a median condominium price today of approximately $145 per square foot. The mill pond condominium prices were based on a fifteen percent appreciation of today's median price: 1987 rates of $167 per square foot were increased annually for a maximum price of $222 per square foot in 1990. This simplified approximation of 15% appreciation was based on an average of 30% today, with an estimated rate of 5% in five years. If the Walpole market, as previously stated, does follow the metro Boston trends, current high levels of appreciation should level off. However, this softening will take at least a few years, implying a relatively strong market through the end of the condominium sales period.

The townhouse condominiums planned for Phase I of the mill pond development are scheduled for construction completion and pre-sales activity in 1987, with sales of all units projected for the end of 1988. The financial analyses in the Appendices used competitive construction costs in conjuction with the moderate sales prices. With these prices, environmental quality, and level of amenities, the mill pond townhouses are ensured of capturing the market over most other condominium developments in the area.

The second phase of residential development at the complex involves rehabilitation of the most historic of the Bird Mill structures. The red brick "FX-1" building, built in 1912, boasts five oversized floors of solid mill construction, huge segmented arched windows, and granite sills. Eighty unique condominium flats are proposed which should be available in 1989 with sell-out projected by 1990. These units will be smaller and therefore less expensive than the townhouses in terms of selling price, albeit possibly more expensive in terms of per square foot price. Target markets will include first time home buyers and singles, users who may trade up to one of the townhouse units in the future.



This recommendation for condominium use for the FX-1 building constitutes a major departure from February Realty's initial plans for rental units. Several rental schedules were analyzed for financial feasibility which consistently generated negative returns for both the project economics and developers themselves. The economic details will be more fully described in later sections with supporting financial projections in the Appendices.

Additional residential development scheduled for Phase II includes a small number of rental apartments. Six units ranging from 650 to 750 square feet located over first floor retail shops should be available in 1990. These apartments will offer the main street charm of living over commercial uses. In addition, the small scale and colonial architecture of the three separate buildings will ensure a pleasant environment for future tenants. Market rents have been projected to range from $650 to $750 per month in 1986 dollars, inflating five percent per year.

Both income and social benefits are generated from holding these apartments as rental units. The demand for rental apartments in Walpole ensures that there will be sufficient interest in the apartments. And, locating them on the perimeter of the development will generate an image of continued activity in the complex throughout the evening hours.

The final phase of residential development focuses again on rehabilitated mill structures. Two major buildings, available in 1991, are proposed to contain forty-six rental apartments ranging from 660 to 850 square feet at rent levels between $840 and $1,085 per month in 1991 dollars. Because some of these units will be located adjacent to the retail, services, and public transportation area at the Washington Street pedestrian entrance to the mill pond complex, elderly tenants should be targeted as a potential market. Other users would include a wide variety of people who desire the unique design and details as well as water views offered by these apartments.

Commercial Users

The ultimate mix of first floor commercial uses will be determined by retail and service demand and leasing activity. For example, first floor commercial space near the core of the complex will be adaptable to professional office or service use such as a doctor's office or copy shop. Commercial space near Washington Street will require more intensive retail uses such as a book store or general merchandise pharmacy.

Other potential first floor uses adjacent to the Washington Street retail corridor include:

- a florist and plant shop
- photo studio and shop
- specialty food shop
- hardware and housewares
- fabrics and sewing shop
- cards and gifts
- shoes and clothing shops
- stationery and office supplies
- sporting goods
- toy store
- coffee and sandwich shop
- deli
- bakery cafe
- ice cream parlor

Professional and personal services warranting less prominent frontage include:

laundry and dry cleaners
bank branches
tailor and shoe repair
health club
travel agency
optical shop

And, as previously stated, the potential market from surrounding towns for first class, full-menu eating establishments leads to the recommendation of at least four large restaurants in the complex.

To simplify the financial analyses, all commercial rents were projected at $12 per square foot, triple net, in 1986 dollars, and increased at five percent per year. In actuality, retail and restaurant lease terms may be structured quite differently; base rents with percent of profits could be established by the developers in consultation with their attorneys and accountants. And finally, storage or warehousing rents were projected at four dollars per square foot and also inflated until the Phase III completion of their reconstruction.

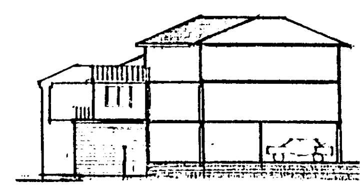
Building Specifications

Each building, retaining its original mill designation and keyed to the site plan, page 43, is chronologically listed below according to phase and summarized in the Uses/Areas/Parking schedule, Table 2, Appendix B.

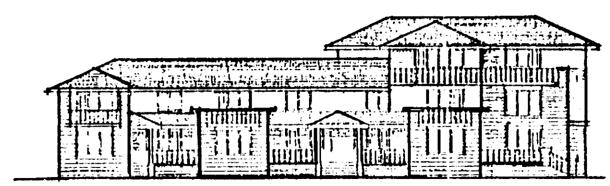
Phase I:

- Townhouse Condominiums

Eighty-seven units totalling approximately 121,800 square feet represent an average unit size of 1,400 square feet. The ground access townhouses are configured in clusters varying from two to five units each. Design of the multi-levelled townhouses includes ground level garages, two and one half bedrooms and baths, fully-applianced kitchens, and other amenities



Section



Front Elevation

such as double story spaces and private balconies. The wood clapboard siding will be trimmed with brick on some of the clusters with varying tones of traditional colors being used throughout. Respect for the natural landscape is evident from the siting of the clusters, preserving as many trees as possible and maximizing views of the pond.

- DM-14

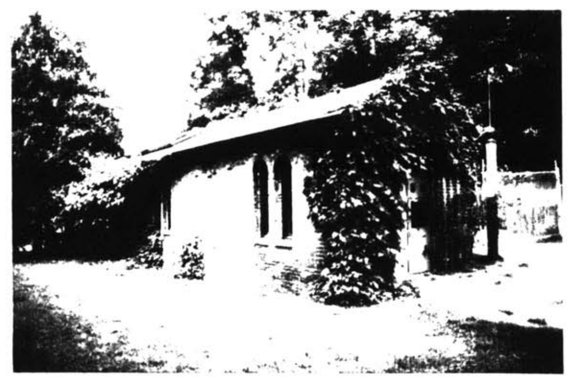
Initial stabilization with future reconstruction is proposed for this 74,000 square foot brick mill structure. Bringing the building up to minimal standards for temporary use will require roof and window repair and heating system installation. These improvements should be executed with future reconstruction for higher use in mind. The building is large and could be used for warehousing during the interim period prior to complete Phase III reconstruction.

- DM-28

The existing 7,300 square foot shell should be stabilized for temporary warehousing use with complete reconstruction scheduled similar to the DM-14 building. Extensive masonry and roof repair is required as is window replacement and heating system installation.

- EM-3

This minute brick guardhouse of approximately 260 square feet will be restored for the developers' use. Plans call for the management office for the complex to be housed here, yet the building will probably only represent a central clearinghouse or marketing headquarters for the public, with back office space possibly in the adjacent DM-14 building.



Phase II:

- FX-1

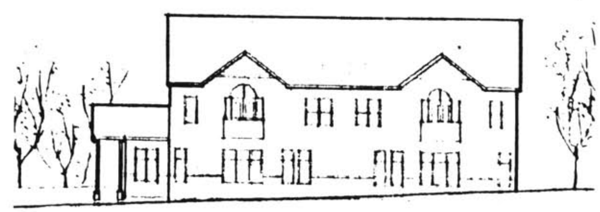
Eighty condominium flats with an average size of 800 square feet for one bedroom units and 1,100 square feet for two bedroom will be constructed in this attractive 90,600 square foot brick mill structure. Complete exterior and interior reconstruction is required including the replacement of all windows which is elaborated upon later. The typical oversized floor-to-floor heights, heavy structural members, and huge windows will make for unique living spaces.

- GW-1

The larger of the two similar "gateway" buildings at the corner of East and Washington Streets contains 3,540 square feet of space including a curved, porch-like wing offering a special design identity and extra floor space for the first floor tenant. The exterior materials, finishes, and colors will complement both the nearby depot and GW-2 as well as Washington Street commercial buildings. Proposed first floor use is retail with two rental apartments on the second.

- GW-2

This new 3,000 square foot structure will be constructed as part of the Washington and East Streets commercial node. The small wood frame building will complement adjacent structures through the use of wood clapboard siding, multi-paned windows, and related paint colors. First floor use will be professional services with two rental apartments on the second floor.



- Depot

The existing location of this 5,600 square foot wood frame structure at the corner of

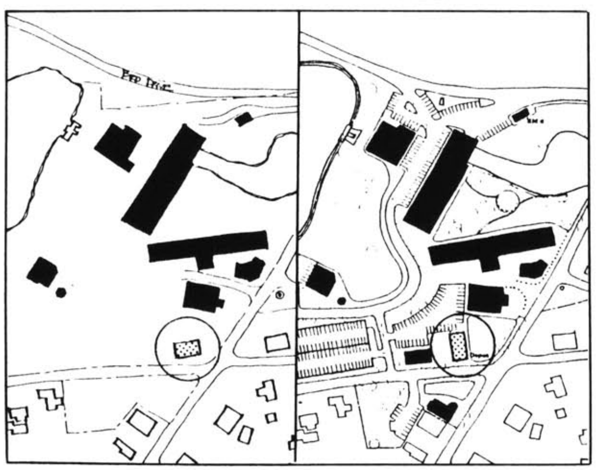


Figure 5 DEPOT LOCATIONS

Washington and East Streets is such that the building and the hill on which it is situated obstruct a potentially important view of the mill complex. As previously described, the public objectives of the Town as well as the developers include creating this viewshed by moving the depot and decreasing the elevation of the hill. Comparing existing and proposed locations shows only a minor adjustment necessary to accomplish these goals; the building will shift slightly west, perpendicular to East Street. Retaining its proximity to Washington Street and the two new "gateway" buildings will complete the Washington/East Streets commercial node. Reconstruction entails siding and window repair or replacement and complete upgrading of the interior for retail with office uses above.

● B-1

The prominent entrance building of 13,800 square feet, previously described, requires wood siding and window restoration, and interior renovations for retail use on the first floor and office space on floors two and three. Separate entrances should be installed for each retail unit as necessary.

● B-2

The smaller of the two buildings flanking the Washington Street pedestrian entrance to the complex, this 3,900 square foot wood frame structure requires only minimal rehabilitation. Wood clapboard siding should be repaired or replaced, and interior renovations include tenant finishes for retail on the first floor and two new rental apartments on the second.

● FX-2

This 50,000 square foot wood frame mill structure has the potential for a wide variety of uses considering its proximity to Washington Street, and the unique "tower" on its facade. Preliminary stabilization in Phase II calls for exterior rehabilitation including repair or replacement of wood clapboard siding and preservation of the multi-paned windows, as well as all required structural repair.

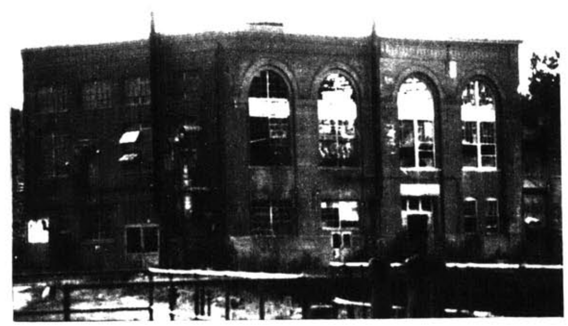
● Powerhouse

This small brick ancillary mill structure of approximately 1,800 square feet, located across Washington Street and behind Bird Hall, prominently occupies the entrance area to the eastern parcel of the complex, or the Hollingsworth & Vose parcel. Plans call for general interior and exterior rehabilitation including brick cleaning and repointing, window and systems installations, and interior finishing. Outside interest has already been expressed in this building for a photo studio. Naturally, with preleasing commitments, February Realty should consider reconstruction as soon as feasible.

Phase III:

- ER-4

The theme of this former turbine house is food. With two 2,500 square foot restaurants on the first level, and one 5,000 square foot above, local diners will enjoy a variety of first class, full-menu restaurants previously unavailable in the Walpole area. As shown in the photo, this brick structure with its huge arched windows offers a potentially exciting finished product. With westerly views upriver and the addition of a wrap-around deck, sunset dining will be a major attraction.



● ER-2

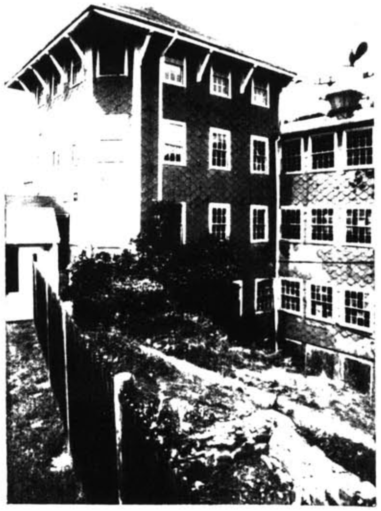
This powerplant representing over 21,000 square feet of future floor area constitutes a major challenge to reconstruction. The existing brick shell is sited so as to offer convenient access and attractive views. Potentially unique upper floor space is envisioned for the cut-out section shown in the photo. Proposed uses include professional services on the first floor, office space on floors two through five, and a health club and cafe on the two upper levels. The future design of the health club may include a glass shed area enclosing the cut-out with pool and cafe space within.

● Marina

The small 2,200 square foot boathouse is proposed to house meeting, changing, and kitchen facilities as well as limited boat and canoe storage. Boat slips for approximately twenty small craft and an open air concert pavillion at the end of the dock will service both residents and visitors alike.

- FX-2

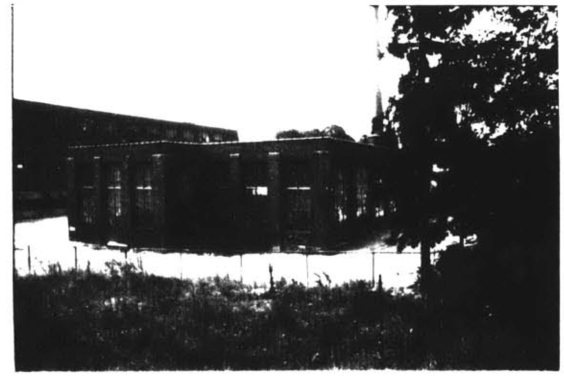
Due to previous stabilization of exterior and structural components of this building, complete upgrading of all interior finishes and systems should be accomplished rapidly. Proposed first floor uses include retail and service with twenty-four rental apartments averaging 850 square feet each on floors two and three. Ground level residential units opening onto a rear green space may be added in future phases. The steep slope down to the river offers sufficient light and air to the full-height basement level. And the "tower" offers a potentially unique eating experience with a 1,200 square foot cafe on each of its three levels.



- DM-14

Completion of the reconstruction of this building will offer professional services and offices on the ground floor, 18,500 square feet of office space on each of floors two and three, and potentially twenty-two residential units on the top floor. If demand for the rental apartments is found to be low, office use would be investigated. Designs for the interior spaces highlight the solid brick mill construction, high ceilings, and large windows, and will take advantage of direct views upriver. Another attraction is the potential for a unique lobby and exhibit area through exposure of the Neponset River sluiceway which runs under the former mill building. In addition, the rear green space offers a semi-private area for residential and commercial tenants alike.

● DM-28



The anticipated market demand for first class restaurants results in the proposal for this fourth full-menu restaurant for the complex. The potential also exists for this attractive building, directly adjacent to the dam with views straight upstream, to eventually be enlarged with a second story glass-structured addition.

Phasing

The development period for the mill pond project is projected at seven years after the 1985 purchase. However, actual construction time represents only four of them. Initial planning and design work will take approximately one-and-one-half years, followed by construction, and a final year for complete lease-up. Operations were projected for seven more years, establishing an overall holding period of fourteen years. The four devlopment phases are summarized below:

Mobilization Phase
1985-1987

This initial phase includes acquisition, planning, architectural and engineering services, and the public review and approval process. In addition to these activities, the major site improvements for the complex should be started as soon as possible with construction completed during Phase I. The common items included in this category are: Pond Drive and Bird Drive extension, Bird Pond clean-up, promenade and related amenities, sewer, electric, gas, water, telephone, central parking, and landscaping.

Phase I

1987-88	Construction
1987	Pre-Sales
1988	Sales and Lease-up

Because the major component of Phase I is new construction of the townhouses, a conservative estimate of a two-year construction period was used. Uses and Areas included in Phase I are:

residential	121,800 SF
warehousing	81,300 SF
office	260 SF

Phase II

1989	Construction
1989	Pre-Sales
1990	Sales and Lease-up

Predominant work in this phase is reconstruction of the FX-1 building which results in the accelerated one-year construction schedule as compared to new construction.

However, both construction and leasing may require up to eighteen months each for completion. Components included in Phase II are:

residential	94,900 SF
office	12,000 SF
retail/service	14,040 SF

Phase III

1990 Construction
1991 Leasing

A one-year reconstruction period is scheduled for the five components of Phase III:

residential	41,700 SF
office	59,250 SF
retail/service	24,100 SF
restaurant	23,600 SF
recreation	7,700 SF

The proposed mixed-use development has been analyzed and found to be sufficient to cover the infrastructure, amenity package, and site improvement costs of the mill pond complex. Each phases's construction costs and proceeds from sale were applied to the site improvement costs. As the figures below indicate, total site costs can be absorbed by Phases I and II, resulting in a decreased load on Phase III revenues as well as a contribution to its development costs.

Site Costs......................$15,921,000

Phase I
costs.........9,200,000
value........19,347,000
available for site costs......10,147,000

Phase II
costs........10,108,000
value........17,582,000
available for site costs.......7,474,000

Considering the current public funding situation and political climate, the cost of site amenities such as the promenade has been necessarily projected for private funding and included in the site costs. However, if the project experiences cost overruns, a phased schedule for the amenity package may be required, pushing completion of planned amenities into future phases.

The site plan shows a partial circumferential promenade ending at the waterfront of the Bird office building parcel; future extension of the walkway over private and Town land should be analyzed and negotiated as soon as possible.

Future Phases

Parcel 20, adjacent to the Hollingsworth & Vose Pond, is not currently scheduled for development until completion and evaluation of Phases I through III. Future residential demand for moderate and affordable housing in conjunction with higher priced units may continue, resulting in this parcel being developed for residential use. An alternate scheme could incorporate mixed use or exclusive commercial use depending on market studies. In addition to this parcel, Parcels 3 and 6 may be analyzed in the future for development feasibility and compatibility with the existing mill pond complex. As with all new construction in the development, attention must be paid to design details, continuity of scale, materials, finishes and colors.

Other future development options could involve the sale of these parcels, or as described later, the Hollingsworth & Vose and Bird headquarters parcels to to outside developers. Immediate sale is not recommended, however, financial projections for sale of these parcels is included in Appendix E. In analyzing market versus appraisal values and return on sale, holding the properties for at least three years is recommended to enable their appreciation in conjunction with development of the mill pond complex. If and when sale of any parcel does occur, design and program restrictions should be incorporated in sales.

agreements. This will ensure continuity with the existing mill pond development and maximize the potential for success of all parties.

Access and Parking

As previously stated, access to the site presents a formidable challenge to the development. The quiet town roads formerly travelled by Bird and Son, Inc. for deliveries and access to Route 95 should not be considered as viable arteries regardless of the decreased truck traffic associated with the new non-industrial complex. A new bridge and improvements to Mylod Street north of the site have recently been completed by the Town; plans must include linking these with Bird Drive to enable access from Route 1A directly to the site.

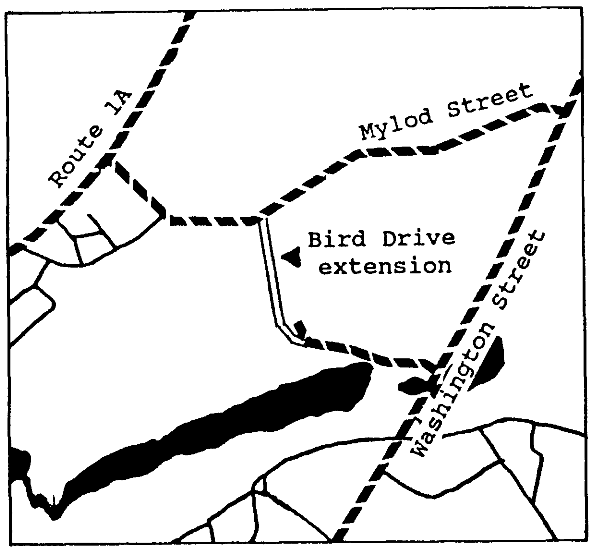


Figure 6
MYLOD STREET/ROUTE 1A ACCESS

Highway Access

While studying the local road network, the possibility of a new by-pass around South Norwood for access from Route 95 South became apparent. Currently, travellers from the north must exit at the Coney Street, Walpole exit and travel the minor back roads to the mill complex. With the construction of a by-pass road around South Norwood, drivers could exit Route 95 sooner, travel through less developed areas and approach the mill pond site from the wide northern section of Washington Street. This scenario clearly requires public participation for both planning and financial assistance, with potential involvement of the Massachusetts Department of Transportation. If found infeasible, signage or symbols could be installed to improve the existing access from the Neponset Street, Norwood exit.

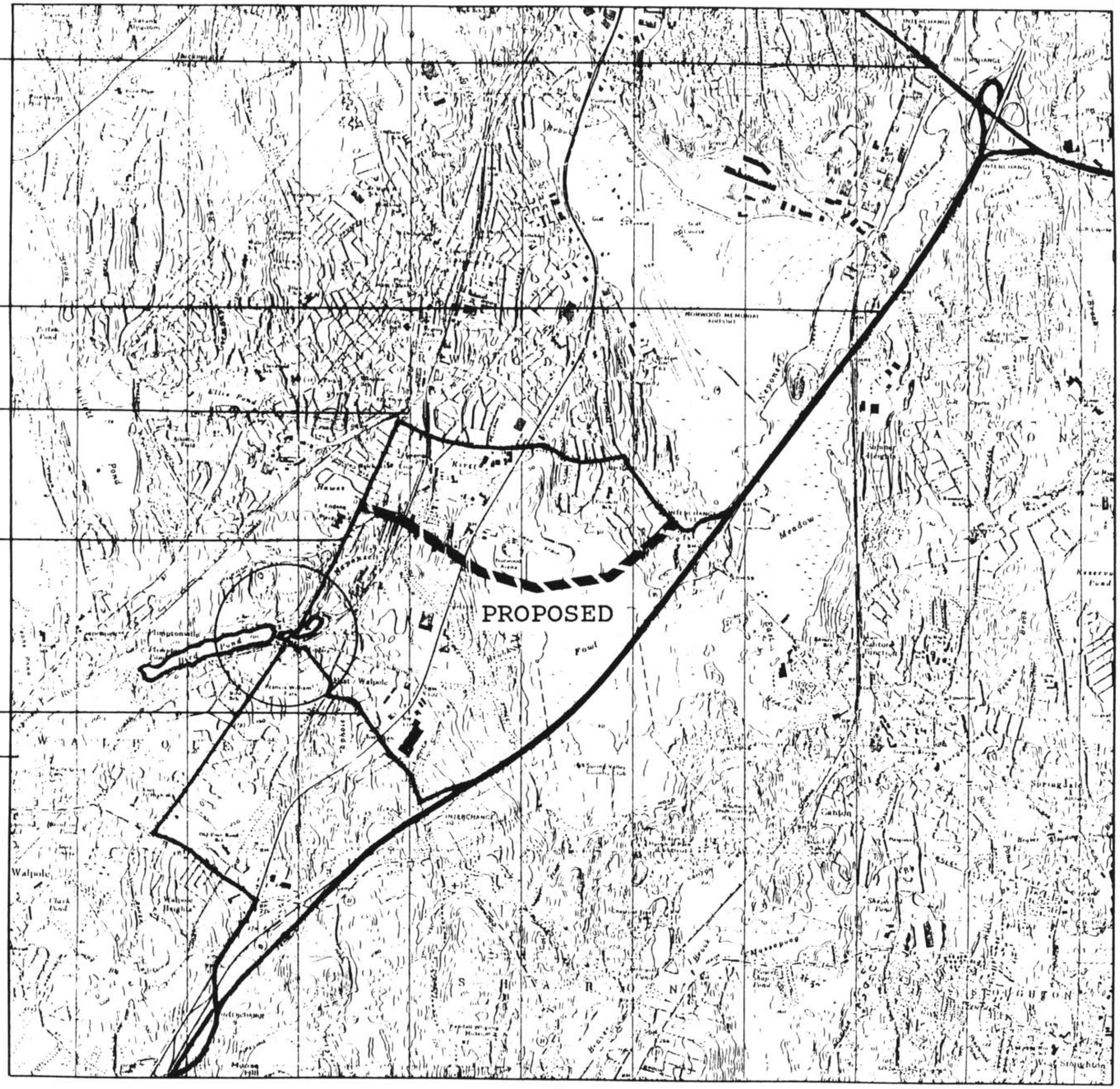


Figure 7
ROUTE 95 ACCESS

Travellers from the south, on Route 95 North, currently exit for Walpole center with adequate access to the mill complex via the southern end of Washington Street. In all cases, clear signage to the complex must be designed and located in cooperation with the appropriate Town and State agencies.

Traffic

Traffic considerations remain integral with access issues and can be mitigated as thoroughly as possible during engineering design. Increased commercial and residential density will certainly attract more private vehicles to the complex, however, with elimination of the industrial use, the intrusion of large trucks will be greatly reduced.

Traffic control including potential signalization installation may be required at the intersections of both Bird Drive and East Street with Washington Street. Implementation of pedestrian traffic improvements near the site such as crosswalks, crossing lights, and yield signs are possible immediately. A permanent bus shelter could also be slated for early implementation.

Most of these improvements should be planned in cooperation with the Town Engineers and the Department of Public Works. The developers should realize the typical speed with which public agencies are able to act, and propose these improvements as soon as possible. These improvements will also help mitigate the existing heavy Washington Street traffic observed during morning and afternoon peak hours resulting from Route 1 construction detours. In fact, with these improvements in place, current detoured traffic may find the Washington Street corridor more efficient than returning to the extreme rush hour conditions of Route 1.

Parking

Parking constitutes yet another access issue. Treatment of parking has the potential to create a superior quality development project or one that is unattractive and inefficient. Decked parking should be terraced, clad in brick, and utilize the natural topography to minimize visual impacts. Surface lots should incorporate bosques of sapless trees to soften unattractive views and provide shade in summer months. Individual residential units should retain access to between one and two parking spaces depending upon shared parking adjustments, with townhouse units each holding title to two spaces. Visitor spaces should also be available through shared parking with other uses.

The mill pond mixed use development offers the opportunity for shared parking for all uses, thus decreasing total parking requirements. Office and retail, predominately day uses, can share spaces used evenings and nights by residential and restaurants. And weekend parking demand by visitors, shoppers, and those using the restaurants and amenities can be accomodated through usage of unutilized spaces reserved for weekday office users.

This advantageous strategy to reduce the overall quantity of parking can also be expanded to eliminate more parking spaces. Bus use can be subsidized or otherwise encouraged through the installation of a permanent bus shelter/newsstand near the Washington Street pedestrian entrance to the complex. And with the shuttling of office workers to and from Walpole's commuter rail station, Town officials may entertain a further reduction of required parking.

Site Recreation and Amenities

The most striking natural feature of the complex, Bird Pond, offers the opportunity for a central focus to the development. Existing mill buildings face the waterfront and infill construction could be designed to extend out over the pond. The townhouses have been sited for maximum views of the pond. Water views are consistently highly valued in the market, and with the potential for recreational use, the pond represents a very important component of the development project.

Recreational Opportunities

A promenade along the edge of the pond is proposed to accomodate strolling, jogging, and bicycling with places to sit, picnic, and dock small boats. The entire walkway will be available for use by the public with no restrictions. However, an easement to the Town could be dedicated with a waiver of liability to avoid potential legal problems in conjunction with public access to both the promenade and the pond.

Free access to these areas by people of all ages could be potentially dangerous and impossible for the developers to insure. Without the relief from liability, the owners would be advised to disallow public use of the promenade and pond. And with relief, it would be most advantageous for the developers to retain management control to ensure a high level of maintenance and programming. Patrolling and law enforcement should, however, be the responsibility of the police department.

The most exciting potential recreational uses on the site include water activities and related entertainment opportunities. The water quality of the Neponset River, as also recorded in most of the region's rivers, has greatly improved over the past ten years. With continued manufacturing reductions, plant closings, and improved water treatment technology, we can expect many Massachusetts rivers to once again become swimmable. Bird Pond at this time is capable of accomodating most water sports including canoeing, sailing, and windsurfing. Motorized boats should not be allowed, however, due to their wakes' disturbance of users as well as possible erosion to the riverbank. Swimming also represents another potential use in the foreseeable future.

Manageable recreation facilities include a small boathouse, docks, and slips to be available to residents of the mill complex as well as neighbors of East Walpole. The potential for paddleboat rides, canoe rentals, and barge cruises could be investigated in conjunction with the management program and would entail involvement with private concessionaires. The opportunity also exists for a performance stage at the end of the boat dock for summer concerts to audiences on both land and water. This attraction would revive the past tradition of summer concerts held in Bird Park which many local people still remember.

The potential for active and passive recreation on the site will also extend into the winter months. Ice skating on, and cross country skiing around the pond are simple activities to manage and provide aesthetic views for other users of the complex. All recreational facilities and programs, winter and summer, should be incorporated into detailed capital and operating pro forma analyses to ensure future availability to local residents. In addition, a fee schedule for public usage of all recreational facilities could be implemented when appropriate.

Open Space Amenities

The general landscape design scheme for the complex should combine green spaces, urban plaza treatments, public ways, and private amenities for the residents of the mill pond. Tennis courts and terraces with grille areas should be for exclusive use of tenants and unit owners.

The major responsibility for the landscape architect will be the design of private and public open spaces, especially the "edges" or intersections of the two. Another important design consideration should be the treatment of passive and active recreation areas, focusing on flexibility for both.

The site plan for the mill pond development provides semi-private open spaces for FX-1 condominium owners as well as the apartment dwellers in the DM-14 and FX-2 buildings. A central public green is conveniently located for all users, and in direct view of the pedestrian entrance. This space would be most condusive to public enjoyment and entertainment. And of course, all open spaces are adjacent to the waterfront.

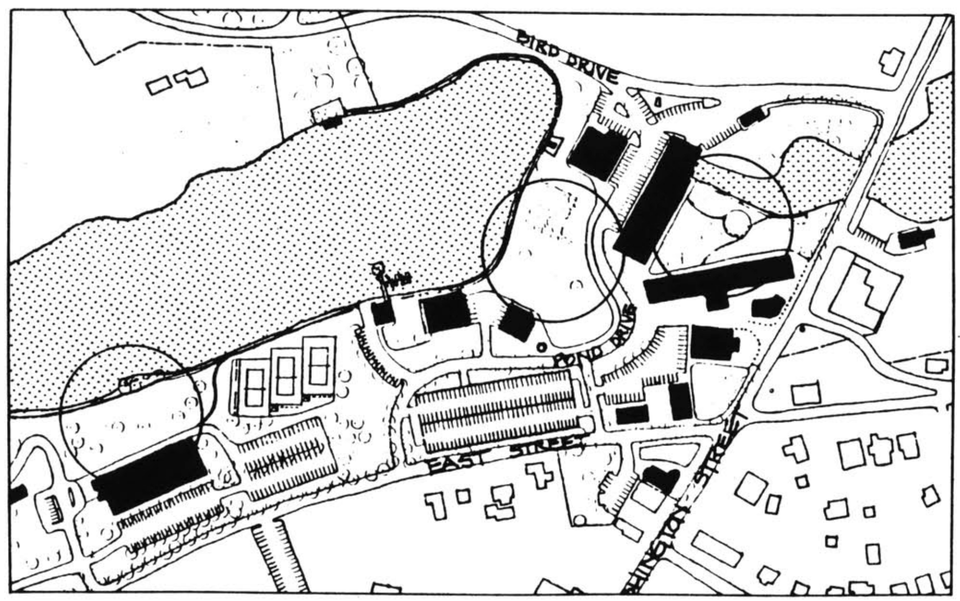


Figure 8 GREEN SPACES

VI THE IMPLEMENTATION PROCESS

The mill pond development implementation has been successfully started by February Realty through initial marketing activities, scheduling of political agendas, and architectural design work. Preliminary feasibility analyses were executed by the developers which resulted in the purchase of the mill complex nearly one year ago. Issues undoubtedly explored included market demand for uses, legal and zoning restrictions, architectural and engineering analyses responding to physical constraints of the site, financial structuring and debt sources, and economic issues such as return requirements, programming, and scheduling.

The following outline for completion of the development process is based on a first cut financial analysis of the recommended program and responds to concerns of both the development entity and the town of Walpole.

Completing the Development Team

The scope and timing of the mill pond development project would constitute a challenge to any development company. Yet, a small company with previous experience in mixed-use would have a definite advantage over a larger firm. It is therefore recommended that an experienced, full-time project manager be retained as soon as possible for implementation of this action plan. The existing high quality development team would then be complete and able to progress more efficiently toward acheiving the objectives of the development.

One of the project manager's most important responsibilities should be to organize the complex public approval process and ensure that the Town's goals for the development are met. February Realty is currently cooperating with the public review requirements, however, an accelerated negotiation schedule must occur to secure approval of the project at the October, 1986 Town Meeting.

Fiscal Impact Analysis

The first responsibility of the project manager should be to prepare a fiscal impact analysis of the mill pond development's effects to the community. The study should be presented at public reviews and meetings as well as printed for distribution. Moreover, these efforts will generate an educational process which will encompass broader issues than those specific to the mill pond development.

This strategy will also demonstrate that the project will be viable, professionally executed, and the preferred alternative to existing conditions or any future haphazard redevelopment of individual buildings. The analysis presented to the Town should include the following issues:

- Administrative costs for approvals and technical assistance; these include public inspections and would be minimal for this project.

- Public financing, loans, and tax abatements; requests for such items are not being filed, therefore no cost is generated.

- Public improvements including traffic and street improvements; future highway access improvements and Washington Street commercial area revitalization are also included and may require public investment and joint planning.

- Environmental costs including water and sewer impacts; contamination potential and consumption should be analyzed as well as compared against more intensive commercial and light industrial uses currently allowed on the site.

Benefits to the Town should also be presented:

- Job creation; construction activity will increase demand for labor, goods, and services by business and residential users.

- Income to the Town; the increase in business and property tax revenues should be presented.

- Social benefits; these are difficult to quantify, yet can be described. A revitalized East Walpole cente will result from uses compatible with the existing residential and commercial neighborhoods. The recreational and entertainment opportunities offered by the site will certainly benefit neighbors. The town center image will also be strengthened by the development's clustered activities at the main East Walpole intersections. More tangible benefits include the decreased threat of vandalism and arson as well as the elimination of negative visual impacts from the vacant and deteriorating mill structures. These advantages will inevitably have a positive effect on surrounding property values.

- The preservation of Bird Pond; the elimination of any potential for industrial uses on the site also ensures a clean and accessible waterfront for public recreation.

- The preservation of open space; the reuse of an existing mill site for a development that may have located on open space elsewhere in the Town will preserve the natural environment for the citizens of Walpole.

To conclude, the negative impacts from the development are not insurmountable especially considering the Town's willingness to date to negotiate with the developers. The numerous benefits offered by the site will not only increase the success of the development itself, but environmental quality, adjacent property values, and tax revenues to the Town will also increase.

Public Approvals

The public review and approval process has already been started by February Realty. However, without a complete site plan and general development strategy, applications to the Town have been limited to discrete components of the development instead of overall site plan approval. Negotiations with the Town should commence as soon as possible; with the addition of the project manager's report as well as a finalized development program, a strong potential exists for full public approval.

The first step required for approval is subdivision of the mill pond site into building lots. The site plan shows proposed parcels containing the mill pond structures as well as potential building sites. Parking currently located on two of the parcels could be absorbed into structures for future phase development.

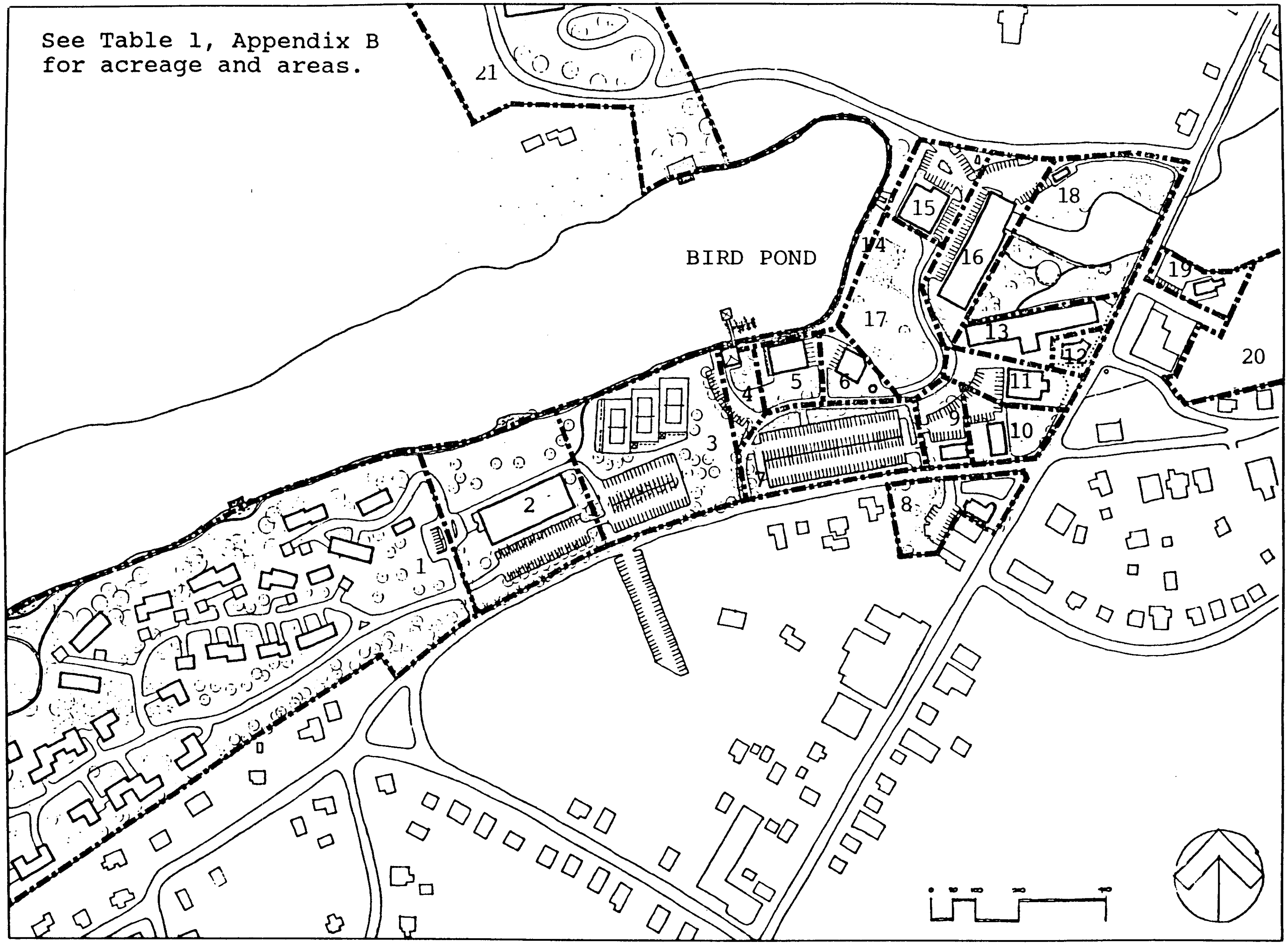


Figure 9 PARCELIZATION

Subdivision applications to the Planning Board can be filed at any time. It is recommended that approvals be requested as soon as possible. This would provide the maximum possible time for negotiations concerning required zoning changes and site plan approval.

Another early permit which may be requested includes the approval for removal of the Washington and East Streets hill adjacent to the depot. The Engineering Department must review the plans, however, the application is straightforward and should not encounter problems with approval.

Applications for preliminary decisions on zoning changes are filed with the Board of Selectmen as well as the Planning Board. Meetings with members of both boards should determine the appropriate rezoning of the .elopment parcels. Either a Planned Unit

Development or Central Business District designation would accomodate the proposed mix of uses--the Planned Unit Development being the more flexible of the two. The zoning change applications for preliminary approval should be filed as soon as possible to be included in the August 21st meeting agenda.

Site Plan approval applications to the Board of Appeals for inclusion on the October agenda must be filed by September 2 to allow for advertising and review time. This allows sufficient time for the Conservation Commission, Planning Board, and Engineering Department to review the application and forward opinions to the Board of Appeals prior to the vote. If the site plan is approved, Phase I architectural drawings can be completed with building permits issued by the Building Inspector after review of plans.

The ultimate development proposal presented to the Town, however, may not be the program outlined in this report. Just as the general requirement for flexibility exists in design and construction, so too is it necessary for finalization and endorsement of the plan by the developers. If the partners present a proposal to the Town in which they feel less than confident, failure is virtually guaranteed.

Financial Structure

An extremely important aspect of the mill pond development which must be considered prior to public review of the proposal is its financial structuring. The economics of the investment and available resources dictate much of the program described herein; the phased construction, sale of condominiums, and mix of uses respond directly to market and economic issues. All changes to the plan must be analyzed to determine feasibility before approvals are sought. And, if changes are necessary, financial revisions should be started immediately. Iterative program adjustments and financial analyses will hopefully lead to final adoption of a site plan and program in time for October's Town Meeting.

Barring any change, the recommended program for the phased mill pond development calls for sole ownership of the entire complex, except for the condominiums, by February Realty. This conclusion is based on capital and operating pro forma analyses of four development options:

- FX-1 Rental Apartments
- FX-1 Rental with Equity Participation
- Sale of Bird, Hollingsworth & Vose Parcels
- FX-1 Condominiums, the Preferred Option

Townhouse condominium sales proceeds will generate sufficient surplus to cover a major percentage of site improvement costs after funding of Phase I construction. Subsequent Phase II FX-1 condominium sales and rental income will in turn fund the remaining site improvements and allow for completion of the final development phase. It is anticipated that the rehabilitation and construction schedule will allow the developers to realize their goals of managing and financing the entire seven-year development without outside participation. This strategy also allows for a more accurate reading of the local market, with specific program changes to be incorporated as necessary.

Appendices C through F contain tables showing income and expense projections for all options. Because initial equity was low, each option indicates substantial returns to the developers. However, the components of these returns must be broken down to understand the nature of the investment.

The financial strength of two of the options, the FX-1 rental, and sale of the Bird and Hollingsworth & Vose parcels, is based on tax benefits and appreciation. These investments are highly risky in terms of debt coverage, cash deficits, and tax code changes.

The remaining options--FX-1 condominiums and the equity participation scenario--generate substantial cash returns and proceeds at sale, indicators of strong economic investments. The options are further described below.

Development Options

Tables 1, 2, and 3, Appendix C, show revenues and returns from the FX-1 rental option contrary to the expected cash flow pattern of a phased development. Initial before tax cash flow in this option is positive throughout the four year construction period. The positive cash flow is indicated through year seven due to extremely high tax shelter. Subsequent after tax cash flows, however, become negative in year eight. These deficits occur as soon as the total take-out loan comes on line.

Because the townhouse condominium sales proceeds fund a large percentage of the site improvement costs as well as Phase I construction costs, Phase II development costs are primarily covered by the construction loan. Consequently, the permanent mortgage after construction completion escalates considerably, resulting in high debt service payments. This in turn causes the condition described above.

As expected, lender involvement in this option is doubtful. Based on the debt coverage ratio of less than 1.00 and the forecasted deficits, banks would probably recommend increasing the equity investment and/or decreasing the scope of the project. The developers should not consider this highly risky option in either case. However, because this option was originally the developers' preferred alternative, two additional development scenarios holding FX-1 as income producing apartments were analyzed.

The second option, equity participation, with projections in Tables 2 through 4, Appendix D, is economically feasible by design; an assumed requirement of a loan-to-value ratio of 80% was applied to total project cost, thereby generating acceptable coverage ratios and returns.

In fact, the return measures under the existing as well as the proposed tax code indicate a change of investment nature; the previous taxed-based scheme is transformed into more of an economic deal. The tax benefits of the previous option are essentially substituted with positive cash flows from year two for both the developers as well as the equity partners. The coverage ratio is also a substantial 1.49 in the first stabilized year. However, this option was discounted because it does not conform to the developers' objectives for sole ownership of the development.

A third development scenario was also investigated in response to the sole ownership requirement. Because FX-1 sales proceeds would be precluded, it is necessary to generate cash proceeds prior to Phase II to help fund subsequent phases and remaining site improvement costs. Consequently, the Bird, Inc. corporate office building and parcel were considered for sale. Neither the office building nor its 13.6 acre parcel are included in the developers' plans for the historic mill complex.

This is also the situation with the Hollingsworth & Vose parcel; future development has not been planned for these parcels, therefore sale was projected for year two, at the end of 1986.

The $3,000,000 price for both parcels was conservatively based on the 1985 February Realty appraisal and purchase mortgage amounts. However, Tables 1 and 2, Appendix E, show an unacceptable coverage ratio of .65 in the first stabilized year and returns lower than those of the preferred FX-1 condominium option. And again, the strength of the investment is based on tax benefits and appreciation.

The financial analyses of this option, including the tax code change effect shown in Table 3, Appendix E, indicate a cash flow pattern similar to that of the FX-1 rental option. Positive cash returns during the development period are followed by deficits with the start of take-out debt service payments. However, depending on owners' and investors' risk profiles, this option could be feasible. The returns are acceptable and if outside income requires sheltering, this tax-based investment could possibly be feasible.

Sale of these attractive sites, however, precludes future development by February Realty and consequently, realization of increased benefits from the value created on the mill pond site. Other advantages also result from single ownership of large amounts of contiguous land and buildings. Internal control over design, growth, and uses creates the potential for a consistent level of quality among uses and themes. Improvements to one building or area tend to positively affect all others. Moreover, cost-efficient delivery of goods and services can result from the agglomeration of users' infrastructure and service requirements.

Preferred Alternative

The preferred alternative was chosen, therefore, based on the realization that both FX-1 rental options, and sale of Bird and Hollingsworth & Vose parcels were less attractive investments than the FX-1 condominium option. The Sources and Uses summary and operating Pro Forma Analysis, Tables 1 and 2, Appendix F, indicate the traditional financing strategy of phased construction loan draws with the final take-out loan commencing after the 1991 final lease-up projection.

These analyses also estimate very agressive returns resulting from discounted cash flows superior to all other options. Partitioning of the returns indicated that fifty-seven percent of the benefits were due to appreciation at sale with the remaining forty-three percent split equally between cash flow and tax shelter; this option represents a sound economic investment.

As in all options, the measures were generated by assuming a fourteen year holding period, or seven years after construction completion, and discounting the total income stream. It is acknowledged that the developers will not actually sell after fourteen years of ownership, however, the financial return calculations require this process.

Most probable tax code changes were also incorporated into this scenario, as shown in Table 3, Appendix F, resulting in nearly equivalent returns. Because the developers' income from the project will be characterized as active due to their ownership and management status, the streng . of this investment is not at risk.

An accelerated phase-in period for tax code changes is probable, however, and should be anticipated. The new code could be retroactive to the beginning of 1986, in effect immediately, or incorporated within a year of passage. In any case, the similar return profiles should enable the current tax code to be applied to the FX-1 condominium option projections with confidence.

With the impending bullet loan calls scheduled for less than one month from now, it is recommended that meetings with banks commence immediately to negotiate wrap-around or construction loan terms. Depending on preliminary readings of the political climate and potential for project approval in October, it would be preferable to obtain a construction loan in September in anticipation of a Spring, 1987 construction start date. In conclusion, the financing proposal for the mill pond development will indicate a strong potential for producing a high quality, economically feasible investment through sound financial planning.

Architectural Services and Construction

The technical and artistic expertise of the architects retained by February Realty is certainly well established and with endorsement and finalization of the mill pond development program, they will be able to assume a more active role in the process.

Historic Preservation

With the project architects' experience in historic building reconstruction, it is anticipated that they will utilize many sources of new building technologies. For example, cost savings and historic theme can be accomplished simultaneously through the preservation of many existing materials and details utilizing modern construction techniques.

In addition, Department of Interior preservation standards concerning window replacement have generated beneficial design opportunities; because windows represent a major percentage of mill structures' facades, previous tax credit restorations have located superior replacement windows. Their properties include historic multi-paned configurations, competitive prices, custom colored baked enamel aluminum construction for low maintenance, and operable single-hung double-glazed units for energy efficiency. With the project architects' experience in historic rehabilitations, it is anticipated that they will utilize many similar sources of new building technologies.

The developers, through the use of consultants, have completed initial historic certification application procedures to date with only partial success. Incomplete responses and less than favorable opinions from the Massachusetts Historical Commission discouraged the continuation of the certification process.

And yet, the latest tax code proposals retain a twenty percent investment tax credit for certified historic rehabilitations. It may be advantageous for the developers to resume the application process with the comprehensive redevelopment plan incorporating such items as the replacement windows described above. The potential for a successful certification and subsequent rehabilitation should be greatly improved, resulting in increased economic benefits for the project.

As previously stated, the project architects have historic preservation experience including certified rehabilitations. They should prove invaluable in communicating the required specialized construction criteria to contractors should the potential certification be awarded. With the planned addition of a construction manager to the development team, however, the architect's traditional construction management role will be modified.

Construction Management

The construction manager should be retained by February Realty prior to the start of construction to allow for control over scheduling and budgeting. This advantageous addition should improve communication and coordination among all parties. The construction manager would assume contracting responsibilities for the many consultants and specialists that will be required.

In fact, engineering studies and other consultations for site improvements should be coordinated as soon as possible, with preliminary physical analyses undertaken concurrently on all future phase construction. As previously introduced, site consultations on the following items are necessary: soils and drainage, Bird Pond condition, removal of the hill at Washington and East Streets, access and traffic improvements, and the Bird Drive extension to Mylod Street.

To date, the developers have contracted separately for each service, taking advantage of local expertise whenever possible. This process should continue in a more streamlined manner with one party managing the details.

General Contracting

Contracting with the general contractor as early as possible in the planning process is also an advisable strategy. This will enable input on construction methods and systems, and facilitate estimating and scheduling. Investigating the track record of all potential contractors will help identify companies that are qualified to do the specialized construction required by this project.

Both local and outside contractors should be utilized throughout the construction process according to fields of expertise and required levels of experience. For example, the type of contractor best suited for townhouse condominium construction would not necessarily be able to rehabilitate the brick turbine house, or execute required tenant finishes for its first class restaurant space. Care should be taken to prequalify all contractors before bids are solicited to avoid needless estimating.

Marketing Strategy

An internal marketing schedule highlighting the type, layout, and design of each building according to phase should be followed. This will enable the most relevant and timely information to be shared with interested parties such as Town officials and prospective buyers and tenants. However, the entire picture including details such as the temporary warehousing uses and future phase development should also be described. A working knowledge of each prospective uses' space and operations requirements must be incorporated from the outset of the marketing process, and again, flexibility and the opportunity for change should remain.

The first marketing service to retain should be a public relations firm. Distributing information on the mill pond development is essential from the start of the project. Bulletins, and press releases should continue through opening activities into early phases of leasing or sales. Early public relations work will help pave the way for subsequent advertising and brokerage activities.

The advertising agency should be hired next in conjunction with the start of leasing and sales. Advertising the condominiums in local and Boston newspapers would be the most successful strategy. The commercial space, however, may need to be advertised in trade, business, and real estate journals.

Advertising is not inexpensive; a range of budgets is certainly available, though, and the developers must determine their marketing philosophy before committing to any advertising campaign. For example, a full sized ad in the Boston Sunday Globe costs $3,000, which could push one component of the advertising budget over $150,000 per year.

Many companies allocate approximately one dollar per square foot of developed space for marketing; this would imply a $400,000 expenditure for the mill pond development. However, commercial uses are usually less sensitive to expensive marketing campaigns and much of the estimated budget could be reduced. In addition, if condominium pre-sales activity proves aggressive, the residential share of the budget could also be decreased.

A safe projection for the marketing budget, therefore, would be between $200,000 and $300,000. Expending the maximum amount of dollars and energy on marketing is not wasteful and will contribute to public recognition and potentially succesful sales and leasing activity.

The production of a well designed marketing brochure is strongly advised and should constitute more than a graphic representation of building statistics. Included in the brochure would be a brief history of the mill and the town of Walpole, the theme and planned mix of uses for the mill pond development, the availability of local services, and specific information on each building in the complex. Financial details could include rent and operating cost comparisons of locally available space, as well as floor efficiencies and other architectural characteristics. By offering this type of information to the public, the developers will be regarded as knowledgeable and committed to their project. Public confidence in February Realty will contribute to a successful sales and leasing campaign as well as help convince potential buyers and tenants to locate at the mill pond.

In-house brokerage activities are possible through the use of the local real estate agency owned by one of the partners. The advantages to using at least two brokers from the firm include elimination of commission payments to outside brokers, and familiarity with the local community and the mill pond complex itself.

The site office should be established as soon as possible in the EM-3 guardhouse to establish a presence at the mill as well as a central office for public information and pre-leasing activity. Graphics, brochures, and architects' renderings should be available to prospective tenants and purchasers on a walk-in basis. Periodic publicity functions could also be hosted there to attract the press to the site during construction and lease-up.

Property Management

Property management constitutes one of the most important aspects in the development process. Without serious asset management, a newly completed product rapidly deteriorates and can actually experience real depreciation. And, disatisfied unit owners and tenants can file complaints or worse, lawsuits. An important measure of the strength of a development project is its increased value over time as well as users' opinions. Appreciation of the mill pond development can only be guaranteed with constant attention and thorough management of each component.

Two property management companies should be retained by the developers due to the distinct requirements of condominiums and rental properties. Utilizing separate management companies would encourage competition, and honest and efficient business practices. Actual savings from hiring a sole company for the entire development are quite low. In addition, if one property manager fails to satisfy the developers' requirements, the other company can conveniently continue operations.

The property management companies would coordinate and schedule site and common area maintenance, collect rents or condominium fees, negotiate with and between users, and provide security and signage control. The major difference between condominium and rental management is that condominium owners are personally responsible for all maintenance and repairs of their units, while repairs to tenants' spaces are included in the property manager's duties.

An important aspect contributing to the potential success of this mill pond development is the rental property manager's responsibility for leasing negotiations. Potential tenants should be screened by the property manager in terms of compatibility with planned uses and contribution to overall vision for the complex. And, lease terms should reflect the partners' development philosophy; a commitment to the project from prospective tenants will be stressed citing the increased potential for long term benefits to individual establishments and the town of Walpole.

The Condominium Association(s) must be established within two years after completion of conversion or construction but typically occurs when the units are fifty to seventy-five percent sold. Until such time, the developers are responsible for the payment of common area charges for all unsold units. Furthermore, it is not uncommon for the Condominium Association Board of Trustees to discharge the developers' property management company and retain an independent firm.

Both the rental and condominium property management companies can take advantage of increasingly available computer software for time-saving processing of routine items. These property management programs include tenants' and owners' identifications, unit areas, rent or fee structures, and other information for billing and accounting purposes. Maintenance schedules, work orders, contractor information and monthly budgeting are also possible. In conclusion, the efficient management of each property on the mill pond site will contribute to the maximum potential for success for each user and thus, the entire development.

VII OBSERVATIONS FROM THE DEVELOPMENT

Reviewing the recommended development program and implementation process for the mill pond project is a beneficial exercise for all parties interested in executing a similar mixed-use development. Successful transferability to other towns or project scales is possible with the acknowledgement of the following points:

- The public review procedure is a fact of life; it should not be skirted, feared, or taken lightly. Exercising political influence on decision-makers may possibly accelerate the process, yet does not guarantee approvals or high quality development projects. The latter is the goal of public review.

Proposing a complex development to a town, however, could prove challenging. Citizens and board members often lack knowledge of, or exposure to such developments. It is the developer's responsibility to affect a broad-based educational process through project presentations.

Public review boards should be apprised of the planning and analyses that generated programs and designs. Basic negotiating techniques should be utilized--retaining personal as well as acknowledging all parties' interests. Flexibility wherever possible must also exist. Following this process may actually improve a development project or at least indicate a willingness on the part of the developers to be straightforward in their intentions, and open with the town.

- Before public negotiations or even project presentations can take place, a vision for the development must be formulated. This implies physical properties, yet incorporates all aspects of the development process. The developer's financial profile and objectives must be defined prior to planning work to enable efficient generation of program and design. Responding directly to the nature of the investment will ensure a viable project that can support the highest and best use. And, a sound project can in turn support the highest quality design.

- The economics of development projects may require phased construction schedules; these should be closely adhered to, allowing for modifications due to external influences or unexpected market conditions. Extending the development period beyond projections, or failing to follow the schedule at all, could weaken returns and long term performance of a property.

- And finally, the importance of property management can not be overemphasized. Development projects require long term management commitment to maintenance and repairs as well as constant evaluation and planning. For example, periodic investigations into areas for improvement could include new recreation, entertainment, services, uses, promotional activities, seasonal functions, and increased development potential.

BIBLIOGRAPHY

Abend, Norman A. Environmental Impact Report, Office Research and Development Park, Route 1. Norwood, 1983.

Bird, Inc. Annual Report 1985. Walpole, 1985.

DeLue, Willard. The Story of Walpole, 1724-1924. Norwood: Ambrose Press, Inc., 1925.

Diamond, Merrill. Partner, Parencorp. Interview regarding marketing of development projects. Brookline, MA, August 8, 1986.

Lewis, Isaac Newton. A History of Walpole, Massachusetts from Earliest Times. Walpole: First Historical Society of Walpole, 1905.

Massachusetts Department of Commerce. Walpole Monograph, 1984.

Master Plan Update. Town of Walpole, 1985.

Lynch, Kevin and Gary Hack. Site Planning. Cambridge: The MIT Press, 1984.

Merriam, James R. Walpole Town Administrator. Interview regarding Town's growth policies and objectives. Walpole, MA, May 27, 1986.

Metropolitan Area Planning Council. Downtown Walpole: Market Analysis Technical Report. Boston: MAPC, 1986.

Metropolitan Area Planning Council. Franklin Center Revitalization. Boston: MAPC, 1984.

Metropolitan Area Planning Council. Norfolk Center Market Analysis. Boston: MAPC, 1982.

Metropolitan Area Planning Council. State of the Region, A Statistical Portrait. Boston: MAPC, 1985.

National Trust for Historic Preservation. The Millworks Handbook. Washington: Preservation Press, 1983.

Sales and Marketing Management. 1986 Survey of U.S. Industrial and Commercial Buying Power. April, 1986.

Slovin, Janet. Southeast Coordinator, Governor's Office of Economic Development. Interview regarding commercial and industrial economic development assistance programs. Boston, June 2, 1986.

U.S. Department of Commerce, Bureau of the Census. County Business Patterns 1984, Massachusetts. U.S. Government Office, 1986.

Walpole Planning Board. Zoning By-Laws of the Town of Walpole. Walpole, 1986.

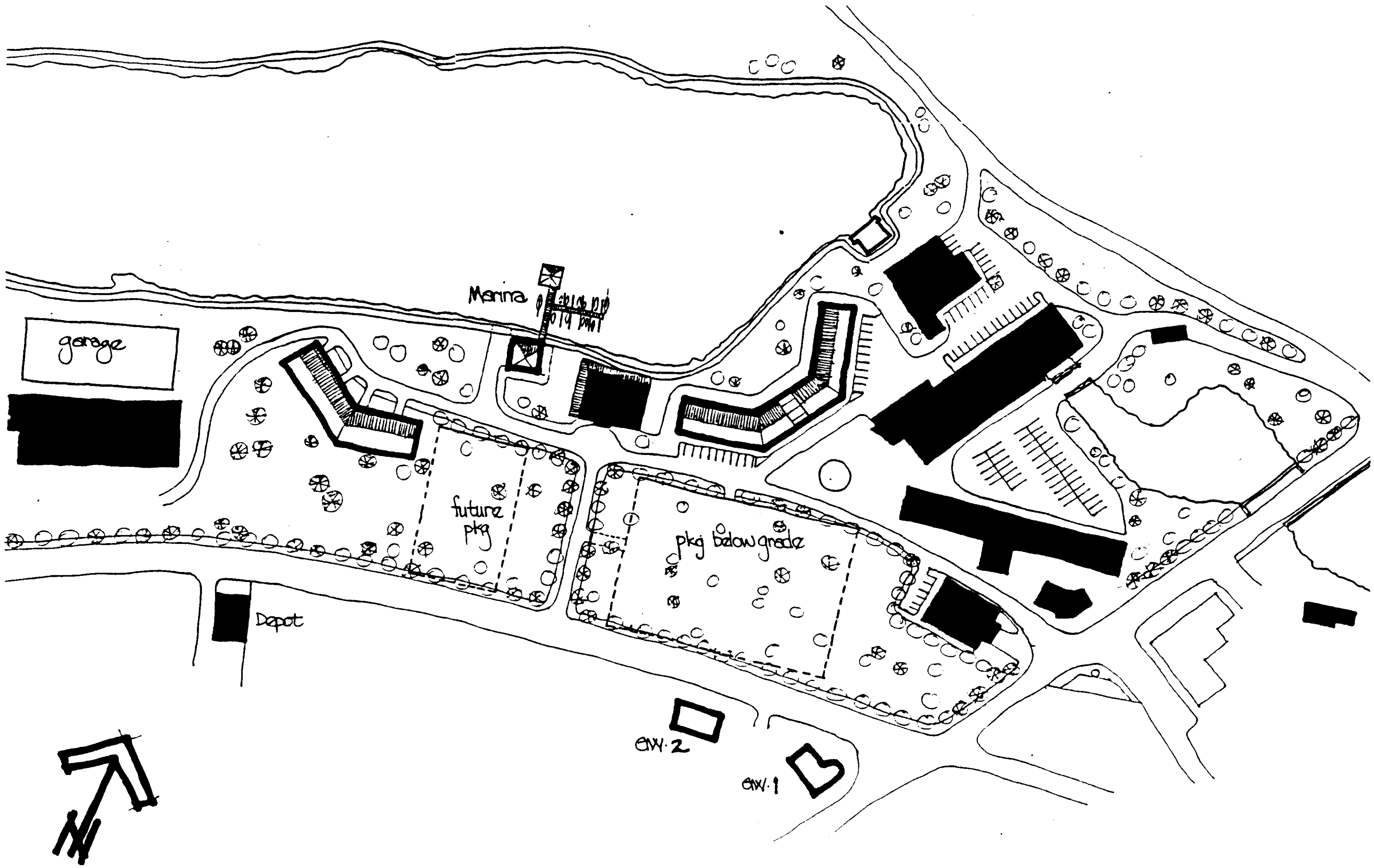
Walpole, MA 261st Annual Town Report 1985. Town of Walpole, 1985.

Walpole, MA 250th Anniversary Committee. Ye Sawmille Settlement, A History of Walpole's Government, 1724-1974. Walpole, 1974.

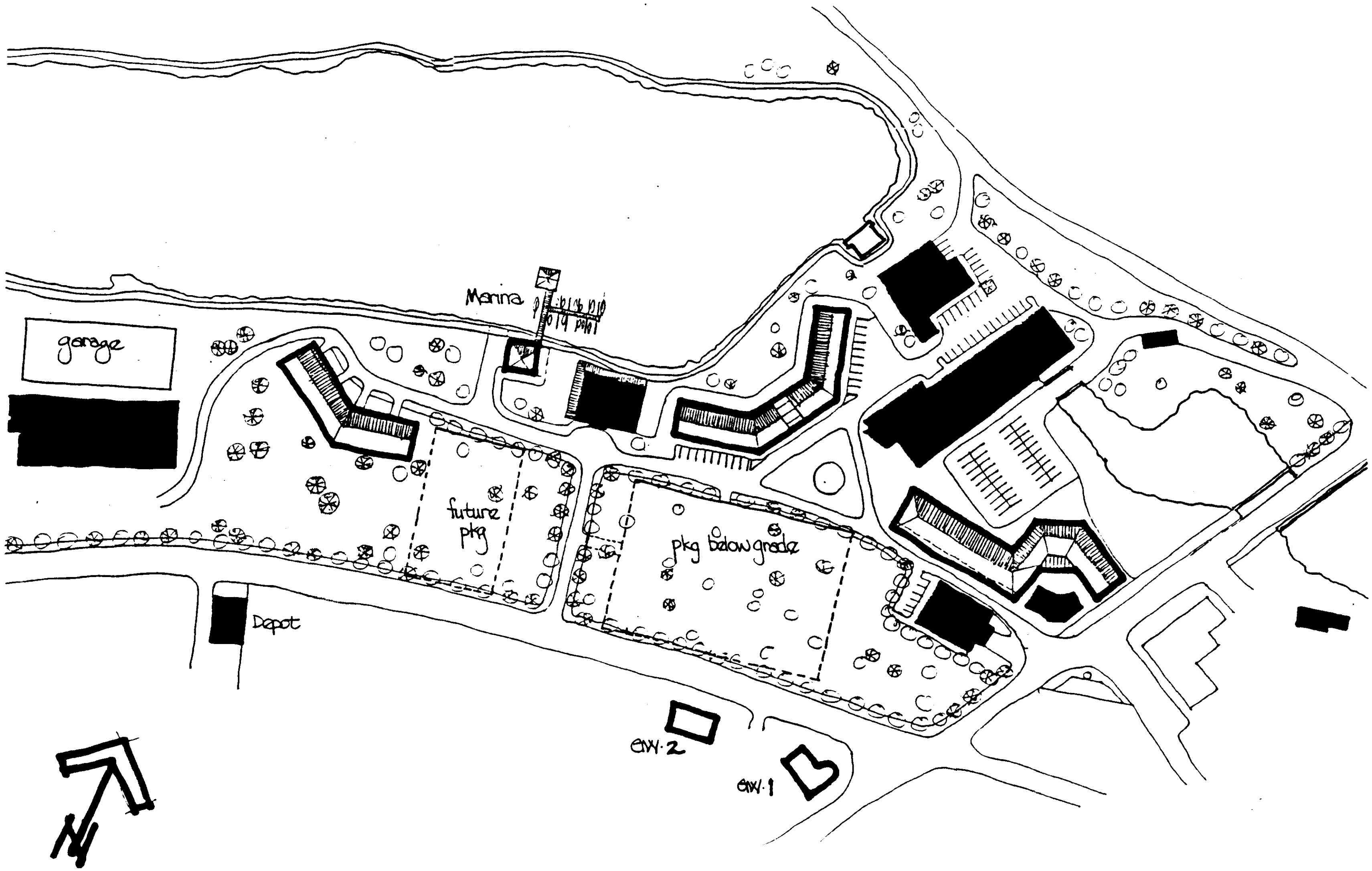
Wheaton, William C. Torto-Wheaton Assoc. and Assoc. Prof. of Economics and Urban Studies and Planning, MIT. Interview regarding residential and commercial market demand. Cambridge, July 2, 1986.

Appendix A

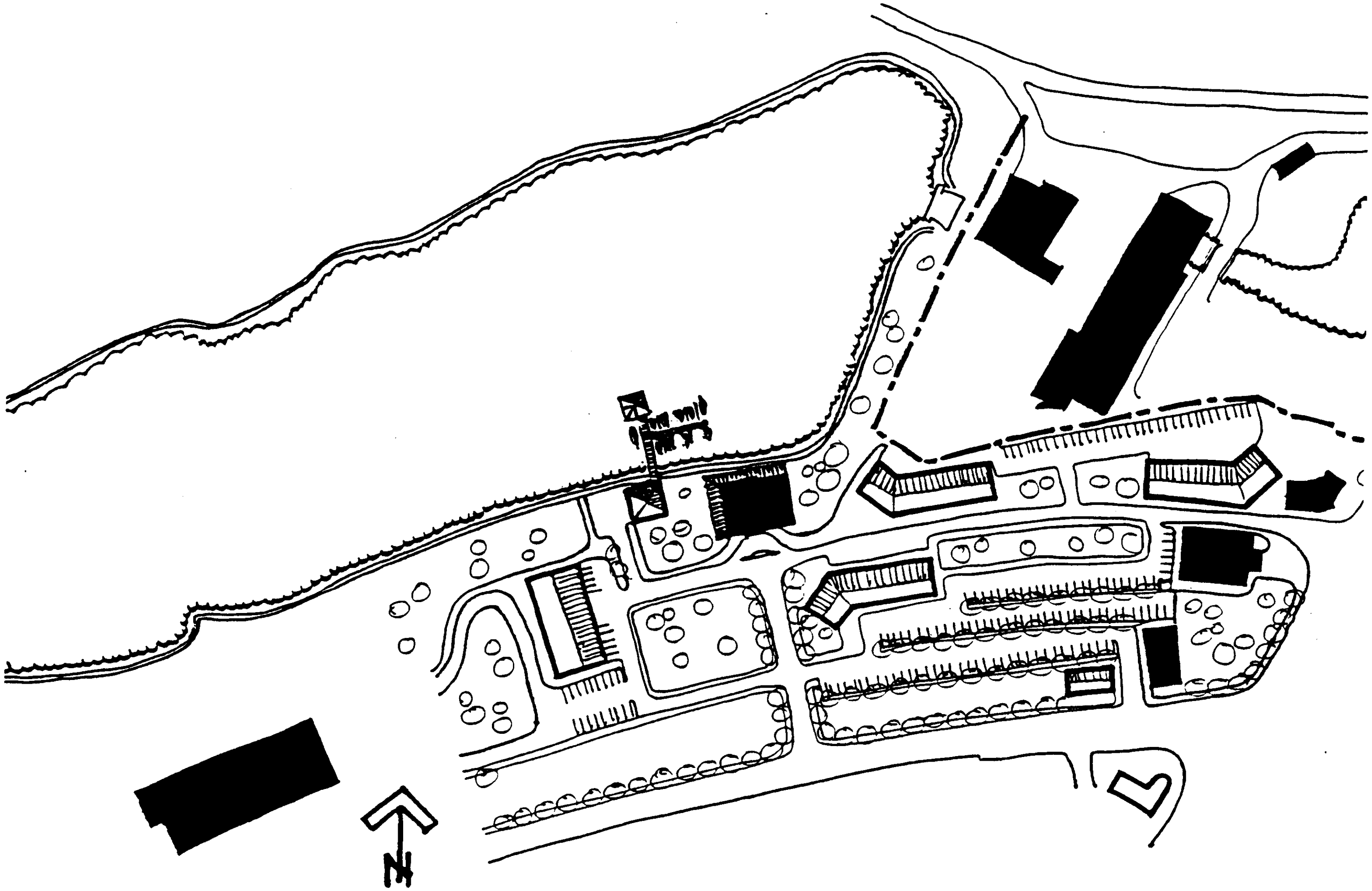
SITE PLAN STUDIES



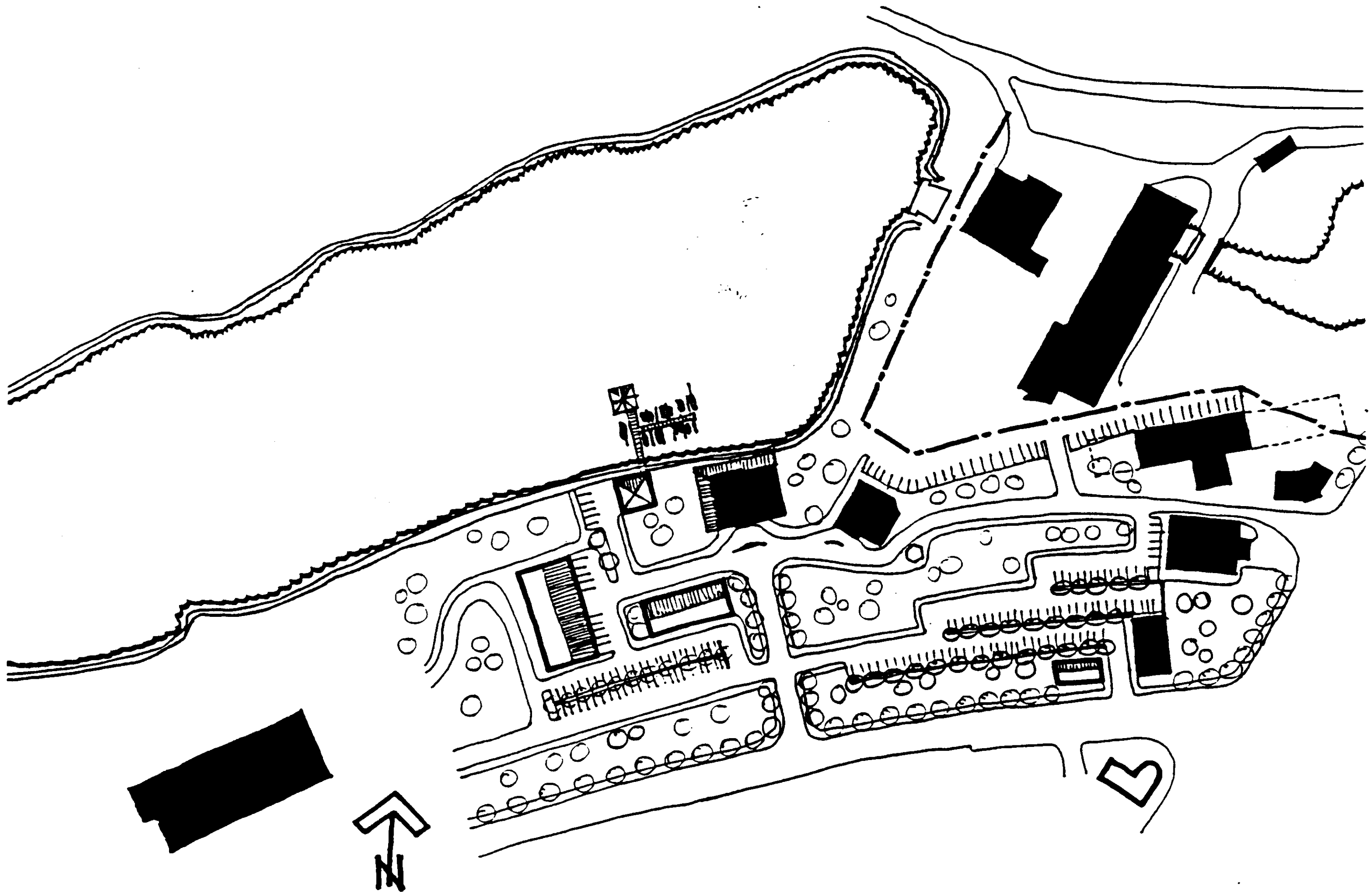
SCHEME 1



SCHEME 2



SCHEME 3



SCHEME 4

Appendix B

GENERAL PROJECT INFORMATION

MILL POND DEVELOPMENT
DEVELOPMENT SUMMARY

DATE OF PROJECTION:	August 15, 1986
LOCATION:	East Walpole, Massachusetts
NUMBER OF PHASES:	3
EST. START DATE:	9/1/85
COMPLETION DATE:	1/1/92
CONSTRUCTION TIME:	4 years

LAND PLAN

PARCEL	ACREAGE	LAND SF	USE	TOTAL DEV	FAR
1	15.00	653,400	TOWNHOUSES	121,800	0.19
2	2.57	111,950	FX-1 CONDOS	90,600	0.81
3	2.87	125,183	PKG, TENNIS	0	0.00
4	0.37	16,000	MARINA	2,200	0.14
5	0.52	22,500	ER-4	12,700	0.56
6	0.37	16,200	ER-2	21,750	1.34
7	1.48	64,325	PKG DECK	0	0.00
8	0.58	25,115	GW-1	3,540	0.14
9	0.42	18,500	GW-2	3,000	0.16
10	0.83	36,000	DEPOT	5,600	0.16
11	0.67	29,000	B-1	13,800	0.48
12	0.16	7,000	B-2	2,600	0.37
13	0.77	33,450	FX-2	38,400	1.15
14	0.42	18,400	PROMENADE	0	0.00
15	0.65	28,500	DM-28	7,300	0.26
16	1.19	52,000	DM-14	74,000	1.42
17	1.48	66,400	OPEN SPACE	0	0.00
18	2.62	114,000	EM-3	260	.00
19	0.44	19,250	POWERHOUSE	1,800	0.09
20	6.66	290,026	H & V LOT	0	0.00
21	13.6	592,400	BIRD OFFICE	54,000	0.09
-	18.00	784,080	BIRD POND	0	0.00
TOTALS	53.67	2,339,599		453,350	0.19

MIX OF USES

USE	AREA	% OF TOTAL
Residential	258,400	65%
Office	71,510	18%
Retail/Service	38,140	10%
Restaurant	23,600	6%
Recreation	7,700	2%
TOTAL	399,350	100%

PHASING SCHEDULE

Phase	Space Developed	Pkg Spaces
I	122,060	599
II	120,940	190
III	156,350	21
TOTAL	399,350	810
INCL BIRD OFFICES	453,350	900

Table 1 Development Summary

MILL POND DEVELOPMENT
USES/AREAS/PARKING
FILE B/1

SITE IMPROVEMENTS:

ROADS	Pond Drive, Bird Drive Extension
POND	Clean-up, Promenade Park
INFRASTRUCTURE	Sewer, Water, Utilities
PARKING	280-Space Terraced Deck, 64-Space East St. Lot
LANDSCAPING	Pedestrian Amenities, Street Trees

PHASED DEVELOPMENT:

PHASE 1

BUILDING	NET BLDG AREA, SF	FLOOR	USE	USE AREA SF/UNIT	NET RENTABLE SF	EFFI-CIENCY	REQ'D PKG	PKG RATIO	ON-SITE PKG
Condos (New Const)	121,800	1-3	87 Townhouses	1,400	-	-	174	2/unit	174
DM-14 (Shell/Core)	74,000	1-4	Warehousing	18,500	15,900	86%	8	2/floor (1)	25
DM-28 (Shell/Core)	7,300	1	Warehousing	7,300	7,300	100%	2	2/floor (1)	25
EM-3 (Reconst)	260	1	Mgmt Office	260	260	100%	1	3.75/1,000 SF (2)	8

Table 2 Uses/Areas/Parking

PHASE II

BUILDING	NET BLDG AREA, SF	FLOOR	USE	USE AREA SF/UNIT	NET RENTABLE SF	EFFI-CIENCY	REQ'D PKG	PKG RATIO	ON-SITE PKG
FX-1 (Reconst)	90,600	1-5	80 Condominium Flats	950	76,000	84%	120	1.5/unit (4)	120
GW-1 (New Const)	3,540	1 2	Retail 2 Rental Apts	2,040 750	2,040 1,500	100% 100%	11 4	5/1,000 SF 2/unit	15 0
GW-2 (New Const)	3,000	1 2	Prof Services 2 Rental Apts	1,500 750	1,500 1,500	100% 100%	6 3	3.75/1,000 SF (2) 1.5/unit (4)	9 0
Depot (Reconst)	5,600	1 2	Retail Office	2,800 2,800	2,500 2,500	90% 90%	9 5	3.75/1,000 SF (2) 1.88/1,000 SF (3)	14 0
B-1 (Reconst)	13,800	1 2-3	Retail/Service Prof Offices	4,600 4,600	4,150 8,300	90% 90%	16 16	3.75/1,000 SF 1.88/1,000 SF (3)	24 0
B-2 (Reconst)	2,600	1 2	Retail 2 Rental Apts	1,300 650	1,300 1,300	100% 100%	5 3	3.75/1,000 SF (2) 1.5/unit (4)	0 0
FX-2 (Shell/Core)	50,000	1-4	Temporary Storage	12,800	-	-	-	-	-
Powerhouse (Reconst)	1,800	1	Service	1,800	1,800	100%	7	3.75/1,000 SF (2)	8

PHASE III

BUILDING	NET BLDG AREA, SF	FLOOR	USE	USE AREA SF/UNIT	NET RENTABLE SF	EFFI-CIENCY	REQ'D PKG	PKG RATIO	ON-SITE PKG
ER-4 (Reconst)	12,700	1 2 2	2 Restaurants Restaurant Deck	2,500 5,000 2,700	4,500 4,500 2,700	90% 90% 100%	32 32 8	7/1,000 SF (4) 7/1,000 SF (4) 3/1,000 SF (7)	6 0 0
ER-2 (Reconst)	21,750	1 2-5 6-7	Prof Services Office Health Club	3,250 3,250 5,500	2,750 11,000 4,700	85% 85% 85%	10 20 14	3.75/1,000 SF (2) 1.88/1,000 SF (3) 3/1,000 SF (5)	7 0 0
Marina (New Const)	2,200	1	Boathouse, Concert Pavillion	2,200	2,200	100%	7	3/1,000 SF (1)	8
FX-2 (Reconst)	38,400	1 2-3 Tower	Retail/Service 24 Rental Apts 3 Restaurants	11,600 850 1,200	10,200 20,400 3,300	88% 88% 90%	38 36 23	3.75/1,000 SF (2) 1.5/unit (4) 7/1,000 SF (6)	0 0 0
DM-14 (Reconst)	74,000	1 1 2-3 4	Prof Services Prof Office Office 22 Rental Apts	9,250 9,250 18,500 725	7,950 7,950 31,800 16,000	86% 86% 86% 86%	30 30 60 33	3.75/1,000 SF (2) 3.75/1,000 SF (2) 1.88/1,000 SF (3) 1.5/unit (4)	5 (8) 5 (8) 0 15 (8)
DM-28 (Reconst)	7,300	1	Restaurant	7,300	6,550	90%	46	7/1,000 SF (6)	25 (8)

SUMMARY:

PHASE	I	II	III	TOTALS
total reconstruction	260	114,400	151,450	266,110
total stabilization	81,300	38,400	0	119,700
total new construction	121,800	6,540	4,900	133,240
total parking required	185	205	419	809
total parking available	232	190	21	810
total residential units	87	86	46	219
total office space	260	12,000	59,250	71,510
total retail/service space	0	14,040	24,100	38,140
total restaurant space	0	0	23,600	23,600
total recreation space	0	0	7,700	7,700
total warehousing space	81,300	0	0	81,300
TOTAL SPACE DEVELOPED	203,360	159,340	156,350	399,350

NOTES:

(1) predominately live and employee parking

(2) shared parking adjustment: 1/200 SF first floor commercial space x .75 = 3.75/1,000 SF

(3) shared parking adjustment: 1/400 SF upper floor commercial space x .75 = 1.88/1,000 SF

(4) shared parking adjustment: 2/unit x .75 = 1.5/unit

(5) predominately on-site users

(6) shared parking adjustment: 1/80 SF public space (75% floor area) x .75 = 7/1,000 SF

(7) 5-month use only

(8) includes existing parking

BIRD MILL POND
CONSTRUCTION ESTIMATE

SITE IMPROVEMENTS	
ACQ	7,350,000
ROADS	1,649,850
POND/PATH	594,000
SEWER/UTIL	408,300
LANDSCAPE	336,000
PARKING	1,008,000
SUBTOTAL:	11,346,150
SOFT/A & E:	3,403,845
TOTAL:	14,749,995

ASSUMPTIONS

Rehab costs equal new construction costs.
Soft costs not including const int estimated at 30% hard costs.
Building estimates include demolition, adjacent and interior parking spaces, roads, and site finish.

ITEM:	$/SF		$/LF
Residential	50	Pond Imp/Path	150
Office	40	Sewer/Util	100
Retail/Rest	25	Roads	230
Recreation	45	Parking:	
Stabilization	4	interior	@ 10/SF
Landscape	10	surface @ $1,200/space	
		decked @ $3,600/space	

PHASE I	
HARD:	
Condominiums	6,202,850
DM-14	296,000
DM-28	29,200
EM-3	10,400
SUBTOTAL:	6,538,450
SOFT/A & E:	1,961,535
TOTAL:	8,499,985

PHASE II	
HARD:	
FX-1	5,103,200
PU-1	126,000
PU-2	112,500
Depot	218,950
B-1	483,000
B-2	97,500
FX-2	200,000
Powerhouse	45,000
Tennis Courts	60,000
Landscape	450,000
SUBTOTAL:	6,896,150
SOFT/A & E:	2,068,845
TOTAL:	8,964,995

PHASE III	
HARD:	
ER-4	317,500
ER-2	641,750
Marina	126,200
FX-2	1,406,000
DM-14	2,481,000
DM-28	146,000
Landscape	300,000
SUBTOTAL:	5,418,450
SOFT/A & E:	1,625,535
TOTAL:	7,043,985

TOTAL CONSTRUCTION COST:
$39,259,000

Table 3 Constuction Estimate

MILL POND DEVELOPMENT
ASSUMPTIONS
FILE B/3

==

THE FOLLOWING ASSUMPTIONS USED IN OPERATING INCOME PROJECTIONS, APPENDICES C-F

==

1) Simplified approximation of gross revenues:
   average rent for all space=$12/SF, years 1 and 2
   inflating 5%/year throughout holding period

2) Operating expenses:
   average OE=20% gross revenues
   including vacancy allowance, real estate taxes for common areas
   and rental apartments, management fees, replacement res
   commercial leases are triple net

3) Total project value/basis for depreciation purposes:
   original basis + development costs - value of buildings sold

4) Condominium prices:
   $165/SF, year 3
   $185/SF, year 4
   $205/SF, year 5
   $222/SF, year 6

5) Present tax brackets, developer and equity partner:
   current=50% income, 20% capital gains
   with tax code changes=27% income and capital gains

Figure 1 Assumptions for Projections

Appendix C

FX-1 RENTAL OPTION

MILL POND DEVELOPMENT
SOURCES AND USES
FX-1 RENTAL
FILE BC/6

YEAR	1	2	3	4	5	6
	1985	1986	1987	1988	1989	1990
ACTIVITY	PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION	PHASE I SALES/LEASE-UP	PHASE II CONST	PHASE III CONST II LEASE-UP
SOURCES						
RENTAL INCOME	162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
EQUITY	400,000	0	0	0	0	0
SALES/REFIN PROCEEDS	160,000	0	8,547,000	12,950,000	0	0
CASH SURPLUS	187,350	0	0	8,496	0	0
CASH SHORTFALL (LOAN REQ)	0	854,350	90,840	0	9,269,477	7,813,629
AVE CONST LOAN OUTSTANDING	0	1,907,906	7,873,768	8,791,405	4,634,739	3,906,814
CONST LOAN INT @ 10.5%	0	200,330	826,746	923,098	486,648	410,216
MARG CONST LOAN AMT	0	1,065,698	963,057	973,868	9,782,891	8,246,406
CONST LOAN OUTSTG-JAN 1	0	0	7,828,348	8,791,405	0	0
DEC 31	0	7,828,348	8,791,405	9,765,273	9,782,891	8,246,406
USES						
DEVELOPMENT COSTS	0	294,600	9,182,160	13,773,200	8,965,000	7,044,000
OPERATING EXPENSES	99,000	396,000	136,080	207,924	312,700	585,933
PURCHASE/PERM FINANCING	435,650	811,750	0	0	1,555,277	3,113,361
CONST LOAN INT (+5.5%)	0	211,348	872,217	973,868	513,413	432,777

$9,765,273 PHASE I TAKE-OUT @ 9.5%, 10 YEARS
9,782,891 PHASE II TAKE-OUT
8,246,406 PHASE III TAKE-OUT

DS COV RATIO, 1ST STAB YR 0.84

Table 1 Sources and Uses

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1995 OPERATIONS	13 1996 OPERATIONS	14 1997 SALE	14 1998
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,161	6,574,219
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	41,364,460
0	0	0	0	0	116,512	343,674	582,194	0
866,982	688,995	502,108	305,876	99,833	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0

0	0	0	0	0	0	0	0	0
889,938	934,435	981,157	1,030,214	1,081,725	1,135,811	1,192,602	1,252,232	1,314,844
4,426,734	4,426,734	4,426,734	4,426,734	4,426,734	4,426,734	4,426,734	4,426,734	4,426,734
0	0	0	0	0	0	0	0	0

MILL POND DEVELOPMENT
PRO FORMA ANALYSIS
FX-1 RENTAL
FILE BC/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(312,700)	(585,933)
NOI		22,500	157,500	544,320	831,696	1,250,800	2,343,732
(CONST LOAN INT, DS PMT)		(435,650)	(1,023,098)	(872,217)	(973,868)	(2,068,690)	(3,546,138)
BTCF	(560,000)	(413,150)	(865,598)	(327,897)	(142,172)	(817,890)	(1,202,406)
(DEP)		(46,250)	(201,375)	(564,950)	(1,129,080)	(1,315,850)	(1,912,150)
AMORTIZATION		8,790	26,360	0	0	627,576	1,315,905
REPL RESERVES		0	6,480	6,804	10,396	15,635	29,297
TAXABLE INCOME		(450,610)	(1,034,133)	(886,043)	(1,260,856)	(1,490,529)	(1,769,354)
TAX BENE/(LIA)		225,305	517,067	443,022	630,428	745,265	884,677
ATCF	(560,000)	(187,845)	(348,532)	115,125	488,256	(72,626)	(317,729)
CUM CASH OUT (IN)		(587,845)	(936,377)	(821,252)	(332,996)	(405,622)	(723,350)
BT NPV @ 15%	(3,428,178)						
AT NPV @ 8%	11,515,405						
IRR	29.98%						

SALE:	TOTAL PROJECT VALUE	36,377,050	SALES PRICE	52,593,747
	(ACCUM DEPRECIATION)	(21,341,255)	(BOOK VALUE)	(15,035,795)
	BOOK VALUE	15,035,795	GAIN ON SALE	37,557,952
			(CAP GAIN TAX)	(7,511,590)

Table 2 Pro Forma Analysis

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,160	6,574,218
(889,938)	(934,435)	(981,157)	(1,030,214)	(1,081,725)	(1,135,811)	(1,192,602)	(1,252,232)	(1,314,844)
3,559,752	3,737,740	3,924,626	4,120,858	4,326,901	4,543,246	4,770,408	5,008,928	5,259,375
(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	-
(866,982)	(688,994)	(502,108)	(305,876)	(99,833)	116,512	343,674	582,194	(21,341,255)
(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	
1,970,880	2,158,114	2,363,136	2,587,634	2,833,458	3,102,637	3,397,387	3,720,139	
44,497	46,722	49,058	51,511	54,086	56,791	59,630	62,612	
(873,055)	(505,608)	(111,364)	311,818	766,261	1,254,489	1,779,241	2,343,495	
436,528	252,804	55,682	(155,909)	(383,130)	(627,245)	(889,621)	(1,171,747)	
(430,454)	(436,190)	(446,426)	(461,786)	(482,964)	(510,733)	(545,947)	40,774,907	
(1,153,805)	(1,589,995)	(2,036,420)	(2,498,206)	(2,981,170)	(3,491,903)	(4,037,849)	36,737,057	

SALES PRICE	52,593,747
(CAP GAIN TAX)	(7,511,590)
(MORT BAL)	(3,717,697)
SALES PROCEEDS	41,364,460

MILL POND DEVELOPMENT
PRO FORMA W/ TAX CHANGES
FX-1 RENTAL
FILE TC/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(312,700)	(585,933)
NOI		22,500	157,500	544,320	831,696	1,250,800	2,343,732
(CONST LOAN INT, DS PMT)		(435,650)	(1,023,098)	(872,217)	(973,868)	(2,068,690)	(3,546,138)
BTCF	(560,000)	(413,150)	(865,598)	(327,897)	(142,172)	(817,890)	(1,202,406)
(DEP)		(27,750)	(120,825)	(338,970)	(677,448)	(789,510)	(1,147,290)
AMORTIZATION		8,790	26,360	0	0	627,576	1,315,905
REPL RESERVES		0	6,480	6,804	10,396	15,635	29,297
TAXABLE INCOME		(432,110)	(953,583)	(660,063)	(809,224)	(964,189)	(1,004,494)
TAX BENE/(LIA)		116,670	257,467	178,217	218,490	260,331	271,213
ATCF	(560,000)	(296,480)	(608,131)	(149,680)	76,318	(557,559)	(931,193)
CUM CASH OUT (IN)		(696,480)	(1,304,611)	(1,454,291)	(1,377,972)	(1,935,531)	(2,866,724)

BT NPV @ 15%	(3,428,178)
AT NPV @ 8%	9,426,212
IRR	22.39%

SALE:				
	TOTAL PROJECT VALUE	36,377,050	SALES PRICE	52,593,747
	(ACCUM DEPRECIATION)	(12,804,753)	(BOOK VALUE)	(23,572,297)
	BOOK VALUE	23,572,297	GAIN ON SALE	29,021,450
			(CAP GAIN TAX)	(7,835,792)

Table 3 Pro Forma with Tax Changes

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 OPERATIONS	15 1999 SALE
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,160	6,574,218
(889,938)	(934,435)	(981,157)	(1,030,214)	(1,081,725)	(1,135,811)	(1,192,602)	(1,252,232)	(1,314,844)
3,559,752	3,737,740	3,924,626	4,120,858	4,326,901	4,543,246	4,770,408	5,008,928	5,259,375
(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	(4,426,734)	-
(866,982)	(688,994)	(502,108)	(305,876)	(99,833)	116,512	343,674	582,194	
(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(12,804,753)
1,970,880	2,158,114	2,363,136	2,587,634	2,833,458	3,102,637	3,397,387	3,720,139	
44,497	46,722	49,058	51,511	54,086	56,791	59,630	62,612	
(64,475)	302,972	697,216	1,120,398	1,574,841	2,063,069	2,587,821	3,152,075	
17,408	(81,802)	(188,248)	(302,508)	(425,207)	(557,029)	(698,712)	(851,060)	
(849,574)	(770,796)	(690,356)	(608,384)	(525,040)	(440,517)	(355,038)	40,771,393	
(3,716,298)	(4,487,094)	(5,177,450)	(5,785,834)	(6,310,874)	(6,751,391)	(7,106,429)	33,664,964	

SALES PRICE	52,593,747
(CAP GAIN TAX)	(7,835,792)
(MORT BAL)	(3,717,697)
SALES PROCEEDS	41,040,259

Appendix D

EQUITY PARTICIPATION OPTION

MILL POND DEVELOPMENT
EQUITY REQUIREMENT

LAND ACQUISITION	7,350,000	7,350,000
CONSTRUCTION		
SITE IMP	11,346,150	
PHASE I	6,538,450	
PHASE II	6,896,150	
PHASE III	5,418,450	
TOTAL	30,199,200	30,199,200
SOFT COSTS *	16,987,300	16,987,300
CONTINGENCY	2,800,000	2,800,000
INTERIM FINANCING	1,247,400	1,247,400
TOTAL DEVELOPMENT COST		58,583,900
EQUITY	400,000	400,000
REFIN PROCEEDS	160,000	160,000
CONDO SALES	21,497,000	
COMM, CARRY, FEES @ 10%	2,149,700	
NET PROCEES	19,347,300	19,347,300
ADJUSTED DEVELOPMENT COST		38,676,600
MORTGAGE REQUIRED @ 80% L/V		30,941,280
EQUITY REQUIRED		7,735,320

Table 1 Equity Participation Calculation

MILL POND DEVELOPMENT
SOURCES AND USES
FX-1 RENTAL/EQ PART
FILE BD/6

YEAR	1	2	3	4	5	6
	1985	1986	1987	1988	1989	1990
ACTIVITY	PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST	PHASE III CONST II LEASE-UP
SOURCES						
RENTAL INCOME	162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
EQUITY	400,000	0	7,735,320	0	0	0
SALES/REFIN PROCEEDS	160,000	0	8,547,000	12,950,000	0	0
CASH SURPLUS	187,350	0	7,644,480	8,496	0	0
CASH SHORTFALL (LOAN REQ)	0	854,350	0	0	7,714,200	6,017,234
AVE CONST LOAN OUTSTANDING	0	1,907,906	93,028	103,333	3,971,880	3,008,617
CONST LOAN INT @ 10.5%	0	200,330	9,768	10,850	417,047	315,905
MARG CONST LOAN AMT	0	1,065,698	10,305	11,447	8,154,185	6,350,514
CONST LOAN OUTSTG-JAN 1	0	0	93,028	103,333	114,780	0
DEC 31	0	7,828,348	103,333	114,780	8,268,965	6,350,514
USES						
DEVELOPMENT COSTS	0	294,600	9,182,160	13,773,200	8,965,000	7,044,000
OPERATING EXPENSES	99,000	396,000	136,080	207,924	312,700	585,933
PURCHASE/PERM FINANCING	435,650	811,750	0	0	0	1,316,966
CONST LOAN INT (+5.5%)	0	211,348	10,305	11,447	439,985	333,280

$8,268,965 PHASES I & 2 TAKE-OUT @ 90.5%, 10 YEARS
6,350,514 PHASE III TAKE-OUT

DS COV RATIO, 1ST STAB YR 1.61

Table 2 Sources and Uses

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,160
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	42,114,057
1,231,364	1,409,352	1,596,238	1,792,469	1,998,512	2,214,857	2,442,020	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
889,938	934,435	981,157	1,030,214	1,081,725	1,135,811	1,192,602	1,252,232
2,328,388	2,328,388	2,328,388	2,328,388	2,328,388	2,328,388	2,328,388	2,328,388
0	0	0	0	0	0	0	0

MILL POND DEVELOPMENT
PRO FORMA ANALYSIS
FX-1 RENTAL/EQ PART
FILE BD/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(312,700)	(585,933)
NOI		22,500	157,500	544,320	831,696	1,250,800	2,343,732
(CONST LOAN INT, DS PMT)		(435,650)	(1,023,100)	(10,305)	(11,447)	(439,985)	(1,650,246)
BTCF	(560,000)	(413,150)	(865,600)	534,015	820,249	810,815	693,486
50% PREF RET TO EP		-	(7,735,320)	267,008	410,125	405,408	346,743
CASH TO DEV	(560,000)	(413,150)	(865,600)	267,008	410,125	405,408	346,743
(DEP)		(46,250)	(201,375)	(564,950)	(1,129,080)	(1,315,850)	(1,912,150)
AMORTIZATION		8,790	26,360	0	0	0	531,414
REPL RESERVES		0	6,480	6,804	10,396	15,635	29,297
TAXABLE INCOME		(450,610)	(1,034,135)	(24,131)	(298,435)	(489,400)	(657,953)
EP TAXABLE INC		-	-	(12,066)	(149,217)	(244,700)	(328,977)
DEV TAXABLE INC		(450,610)	(1,034,135)	(12,066)	(149,217)	(244,700)	(328,977)
EP TAX BENE/(LIA)		-	-	6,033	74,609	122,350	164,488
DEV TAX BENE/(LIA)		225,305	517,068	6,033	74,609	122,350	164,488
EP ATCF		-	(7,735,320)	273,040	484,733	527,758	511,231
DEV ATCF	(560,000)	(187,845)	(348,533)	273,040	484,733	527,758	511,231
EP CUM CASH OUT (IN)				(7,462,280)	(6,977,547)	(6,449,789)	(5,938,558)
DEV CUM CASH OUT (IN)		(587,845)	(936,378)	(663,337)	(178,604)	349,153	860,385
EP BT NPV @ 15%		(4,453,692)					
DEV BT NPV @ 15%		907,604					
EP AT NPV @ 8%		4,692,235					
DEV AT NPV @ 8%		9,621,885					
EP IRR		13.34%					
DEV IRR		37.55%					

SALE:				
	TOTAL PROJECT VALUE	36,386,250	SALES PRICE	52,593,750
	(ACCUM DEPRECIATION)	(21,341,255)	(BOOK VALUE)	(15,044,995)
	BOOK VALUE	15,044,995	GAIN ON SALE	37,548,755
			(CAP GAIN TAX)	(7,509,751)

Table 3 Pro Forma Analysis

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,161	6,574,219
(889,938)	(934,435)	(981,157)	(1,030,214)	(1,081,725)	(1,135,811)	(1,192,602)	(1,252,232)	(1,314,844)
3,559,752	3,737,740	3,924,626	4,120,858	4,326,901	4,543,246	4,770,408	5,008,929	5,259,375
(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	
1,231,364	1,409,352	1,596,238	1,792,470	1,998,513	2,214,858	2,442,020	2,680,541	
615,682	704,676	798,119	896,235	999,256	1,107,429	1,221,010	1,340,270	
615,682	704,676	798,119	896,235	999,256	1,107,429	1,221,010	1,340,270	
(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(2,021,450)	(21,341,255)
990,022	1,104,074	1,187,061	1,299,832	1,423,316	1,558,530	1,706,591	1,868,718	
44,497	46,722	49,058	51,511	54,086	56,791	59,630	62,612	
244,433	538,698	810,907	1,122,362	1,454,465	1,808,728	2,186,791	2,590,420	
122,216	269,349	405,454	561,181	727,233	904,364	1,093,396	1,295,210	
122,216	269,349	405,454	561,181	727,233	904,364	1,093,396	1,295,210	
(61,108)	(134,674)	(202,727)	(280,591)	(363,616)	(452,182)	(546,698)	(647,605)	
(61,108)	(134,674)	(202,727)	(280,591)	(363,616)	(452,182)	(546,698)	(647,605)	
554,574	570,002	595,392	615,644	635,640	655,247	674,312	21,749,694	
554,574	570,002	595,392	615,644	635,640	655,247	674,312	21,749,694	
(5,383,984)	(4,813,982)	(4,218,590)	(3,602,946)	(2,967,306)	(2,312,059)	(1,637,747)	20,111,947	
1,414,959	1,984,960	2,580,353	3,195,997	3,831,637	4,486,884	5,161,196	26,910,890	

SALES PRICE	52,593,750	EP PROCEEDS	21,057,028
(CAP GAIN TAX)	(7,509,751)	DEV PROCEEDS	21,057,028
(MORT BAL)	(2,969,942)		
SALES PROCEEDS	42,114,057		

MILL POND DEVELOPMENT
PRO FORMA W/ TAX CHANGES
FX-1 RENTAL/EQ PART
FILE TD/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,563,500	2,929,665
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(312,700)	(585,933)
NOI		22,500	157,500	544,320	831,696	1,250,800	2,343,732
(CONST LOAN INT, DS PMT)		(435,650)	(1,023,100)	(10,305)	(11,447)	(439,985)	(1,650,246)
BTCF	(560,000)	(413,150)	(865,600)	534,015	820,249	810,815	693,486
50% PREF RET TO EP		-	(7,735,320)	267,008	410,125	405,408	346,743
CASH TO DEV	(560,000)	(413,150)	(865,600)	267,008	410,125	405,408	346,743
(DEP)		(27,750)	(120,825)	(338,970)	(677,448)	(789,510)	(1,147,290)
AMORTIZATION		8,790	26,360	0	0	0	531,414
REPL RESERVES		0	6,480	6,804	10,396	15,635	29,297
TAXABLE INCOME		(432,110)	(953,585)	201,849	153,197	36,940	106,907
EP TAXABLE INC		-	-	100,925	76,599	18,470	53,453
DEV TAXABLE INC		(432,110)	(953,585)	100,925	76,599	18,470	53,453
EP TAX BENE/(LIA)		-	-	(27,250)	(20,682)	(4,987)	(14,432)
DEV TAX BENE/(LIA)		116,670	257,468	(27,250)	(20,682)	(4,987)	(14,432)
EP ATCF		-	(7,735,320)	239,758	389,443	400,421	332,311
DEV ATCF	(560,000)	(296,480)	(608,132)	239,758	389,443	400,421	332,311
EP CUM CASH OUT (IN)				(7,495,562)	(7,106,119)	(6,705,699)	(6,373,388)
DEV CUM CASH OUT (IN)		(696,480)	(1,304,612)	(1,064,854)	(675,412)	(274,991)	57,320
EP BT NPV @ 15%		(4,453,692)					
DEV BT NPV @ 15%		907,604					
EP AT NPV @ 8%		4,410,293					
DEV AT NPV @ 8%		9,057,012					
EP IRR		12.92%					
DEV IRR		32.02%					

SALE:				
TOTAL PROJECT VALUE	36,386,250		SALES PRICE	52,593,750
(ACCUM DEPRECIATION)	(12,804,753)		(BOOK VALUE)	(23,581,497)
BOOK VALUE	23,581,497		GAIN ON SALE	29,012,253
			(CAP GAIN TAX)	(7,833,308)

Table 4 Pro Forma with Tax Changes

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
4,449,690	4,672,175	4,905,783	5,151,072	5,408,626	5,679,057	5,963,010	6,261,161	6,574,219
(889,938)	(934,435)	(981,157)	(1,030,214)	(1,081,725)	(1,135,811)	(1,192,602)	(1,252,232)	(1,314,844)
3,559,752	3,737,740	3,924,626	4,120,858	4,326,901	4,543,246	4,770,408	5,008,929	5,259,375
(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	(2,328,388)	
1,231,364	1,409,352	1,596,238	1,792,470	1,998,513	2,214,858	2,442,020	2,680,541	
615,682	704,676	798,119	896,235	999,256	1,107,429	1,221,010	1,340,270	
615,682	704,676	798,119	896,235	999,256	1,107,429	1,221,010	1,340,270	
(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(1,212,870)	(12,804,753)
990,022	1,104,074	1,187,061	1,299,832	1,423,316	1,558,530	1,706,591	1,868,718	
44,497	46,722	49,058	51,511	54,086	56,791	59,630	62,612	
1,053,013	1,347,278	1,619,487	1,930,942	2,263,045	2,617,308	2,995,371	3,399,000	
526,506	673,639	809,744	965,471	1,131,523	1,308,654	1,497,686	1,699,500	
526,506	673,639	809,744	965,471	1,131,523	1,308,654	1,497,686	1,699,500	
(142,157)	(181,882)	(218,631)	(260,677)	(305,511)	(353,337)	(404,375)	(458,865)	
(142,157)	(181,882)	(218,631)	(260,677)	(305,511)	(353,337)	(404,375)	(458,865)	
473,525	522,794	579,488	635,558	693,745	754,092	816,635	21,776,655	
473,525	522,794	579,488	635,558	693,745	754,092	816,635	21,776,655	
(5,899,863)	(5,377,069)	(4,797,581)	(4,162,023)	(3,468,278)	(2,714,186)	(1,897,551)	19,879,104	
530,845	1,053,638	1,633,127	2,268,684	2,962,430	3,716,522	4,533,157	26,309,812	

SALES PRICE	52,593,750	EP PROCEEDS	20,895,250
(CAP GAIN TAX)	(7,833,308)	DEV PROCEEDS	20,895,250
(MORT BAL)	(2,969,942)		
SALES PROCEEDS	41,790,499		

Appendix E

SALE OF BIRD, H & V PARCELS OPTION

MILL POND DEVELOPMENT
SOURCES AND USES
BIRD, H&V SALE
FILE BA/6

YEAR / ACTIVITY	1 1985 PURCHASE	2 1986 MOBILIZATION	3 1987 PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP	4 1988	5 1989 PHASE II CONST PHASE II SALES/LEASE-UP	6 1990 PHASE III CONST
SOURCES						
RENTAL INCOME	162,000	486,000	0	325,200	813,440	2,141,805
EQUITY	400,000	0	0	0	0	0
SALES/REFIN PROCEEDS	160,000	3,000,000	8,547,000	12,950,000	0	0
CASH SURPLUS	187,350	2,073,650	0	0	0	0
CASH SHORTFALL (LOAN REQ)	0	0	635,160	563,040	9,597,889	8,243,609
AVE CONST LOAN OUTSTANDING	0	1,272,250	5,542,010	6,871,962	4,798,944	4,121,805
CONST LOAN INT @ 10.5%	0	133,586	692,751	858,995	599,868	515,226
MARG CONST LOAN AMT	0	135,430	1,366,013	1,469,280	10,230,750	8,787,172
CONST LOAN OUTSTG-JAN 1	0	0	5,224,430	6,590,442	0	0
DEC 31	0	5,224,430	6,590,442	8,059,722	10,230,750	8,787,172
USES						
DEVELOPMENT COSTS	0	294,600	9,182,160	13,773,200	8,965,000	7,044,000
OPERATING EXP	99,000	297,000	0	65,040	162,688	428,361
PURCHASE/PERM FINANCING	435,650	811,750	0	0	1,283,641	2,913,053
CONST LOAN INT (+5.5%)	0	135,430	730,853	906,240	632,861	543,563

$8,059,722 PHASE I TAKE-OUT @ 9.5%, 10 YEARS
10,230,750 PHASE II TAKE-OUT
8,787,172 PHASE III TAKE-OUT

DS COV RATIO, 1ST STAB YR 0.71

Table 1 Sources and Uses

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE
3,622,410	3,803,531	3,993,707	4,193,392	4,403,062	4,623,215	4,854,376	5,097,095
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	33,668,477
0	0	0	0	0	0	0	0
1,414,624	1,269,728	1,117,587	957,838	790,103	613,980	429,051	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
724,482	760,706	798,741	838,678	880,612	924,643	970,875	1,019,419
4,312,552	4,312,552	4,312,552	4,312,552	4,312,552	4,312,552	4,312,552	4,312,552
0	0	0	0	0	0	0	0

MILL POND DEVELOPMENT
PRO FORMA ANALYSIS
BIRD, H&V SALE
FILE BA/5

YEAR		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST	PHASE III CONST PHASE II LEASE-UP
GROSS REVENUES		162,000	486,000	0	325,200	813,440	2,141,805
(OPERATING EXPENSES)		(99,000)	(297,600)	0	(65,040)	(162,688)	(428,361)
NOI		22,500	157,500	0	260,160	650,752	1,713,444
(CONST LOAN INT, DS PMT)		(435,650)	(947,250)	(730,853)	(906,240)	(1,916,502)	(3,456,616)
BTCF	(560,000)	(413,150)	(789,750)	(730,853)	(646,080)	(1,265,750)	(1,743,172)
(DEP)		(46,250)	(193,875)	(534,950)	(1,099,080)	(1,285,850)	(1,882,150)
AMORTIZATION		8,790	26,360	0	0	517,967	1,224,665
REPL RESERVES		0	4,860	0	3,252	8,134	21,418
TAXABLE INCOME		(450,610)	(952,405)	(1,265,803)	(1,741,908)	(2,025,499)	(2,379,239)
TAX BENE/(LIA)		225,305	476,203	632,902	870,954	1,012,749	1,189,619
ATCF	(560,000)	(187,845)	(313,548)	(97,952)	224,874	(253,001)	(553,553)
CUM CASH OUT (IN)		(587,845)	(901,393)	(999,344)	(774,470)	(1,027,471)	(1,581,023)
BT NPV @ 15%	(5,638,143)						
AT NPV @ 8%	7,218,180						
IRR	22.76%						

SALE:	TOTAL PROJECT VALUE	35,846,250	SALES PRICE	42,815,595
	(ACCUM DEPRECIATION)	(19,099,600)	(BOOK VALUE)	(16,746,650)
	BOOK VALUE	16,746,650	GAIN ON SALE	26,068,945
			(CAP GAIN TAX)	(5,213,789)

Table 2 Pro Forma Analysis

7	8	9	10	11	12	13	14
1991	1992	1993	1994	1995	1996	1997	1998
III LEASE-UP	OPERATIONS	OPERATIONS	OPERATIONS	OPERATIONS	OPERATIONS	OPERATIONS	SALE
3,622,410	3,803,531	3,993,707	4,193,392	4,403,062	4,623,215	4,854,376	5,097,095
(724,482)	(760,706)	(798,741)	(838,678)	(880,612)	(924,643)	(970,875)	(1,019,419)
2,897,928	3,042,824	3,194,966	3,354,714	3,522,450	3,698,572	3,883,501	4,077,676
(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)
(1,414,624)	(1,269,728)	(1,117,586)	(957,838)	(790,102)	(613,980)	(429,051)	(234,876)
(1,991,450)	(1,991,450)	(1,991,450)	(1,991,450)	(1,991,450)	(1,991,450)	(1,991,450)	(1,991,450)
1,905,726	2,086,770	2,285,013	2,502,089	2,739,788	3,000,069	3,285,075	3,597,156
36,224	38,035	39,937	41,934	44,031	46,232	48,544	50,971
(1,464,124)	(1,136,372)	(784,086)	(405,265)	2,266	440,871	913,117	1,421,801
732,062	568,186	392,043	202,633	(1,133)	(220,436)	(456,559)	(710,900)
(682,562)	(701,541)	(725,543)	(755,206)	(791,236)	(834,416)	(885,610)	32,722,700
(2,263,585)	(2,965,127)	(3,690,670)	(4,445,875)	(5,237,111)	(6,071,527)	(6,957,137)	25,765,564

SALES PRICE	42,815,595
(CAP GAIN TAX)	(5,213,789)
(MORT BAL)	(3,933,329)
SALES PROCEEDS	33,668,477

MILL POND DEVELOPMENT
PRO FORMA W/ TAX CHANGES
BIRD, H&V SALE
FILE TA/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION	PHASE I SALES/LEASE-UP	PHASE II CONST	PHASE III CONST PHASE II LEASE-UP
GROSS REVENUES		162,000	486,000	0	325,200	813,440	2,141,805
(OPERATING EXPENSES)		(99,000)	(297,600)	0	(65,040)	(162,688)	(428,361)
NOI		22,500	157,500	0	260,160	650,752	1,713,444
(CONST LOAN INT, DS PMT)		(435,650)	(947,250)	(730,853)	(906,240)	(1,916,502)	(3,456,616)
BTCF	(560,000)	(413,150)	(789,750)	(730,853)	(646,080)	(1,265,750)	(1,743,172)
(DEP)		(27,750)	(196,875)	(546,950)	(1,111,080)	(771,510)	(1,129,290)
AMORTIZATION		8,790	26,360	0	0	517,967	1,224,665
REPL RESERVES		0	4,860	0	3,252	8,134	21,418
TAXABLE INCOME		(432,110)	(955,405)	(1,277,803)	(1,753,908)	(1,511,159)	(1,626,379)
TAX BENE/(LIA)		116,670	257,959	345,007	473,555	408,013	439,122
ATCF	(560,000)	(296,480)	(531,791)	(385,846)	(172,525)	(857,737)	(1,304,050)
CUM CASH OUT (IN)		(696,480)	(1,228,271)	(1,614,117)	(1,786,642)	(2,644,379)	(3,948,429)
BT NPV @ 15%	(5,638,143)						
AT NPV @ 8%	4,585,428						
IRR	15.43%						

SALE:				
	TOTAL PROJECT VALUE	35,846,250	SALES PRICE	42,815,595
	(ACCUM DEPRECIATION)	(11,459,760)	(BOOK VALUE)	(24,386,490)
	BOOK VALUE	24,386,490	GAIN ON SALE	18,429,105
			(CAP GAIN TAX)	(4,975,858)

Table 3 Pro Forma with Tax Changes

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
3,622,410	3,803,531	3,993,707	4,193,392	4,403,062	4,623,215	4,854,376	5,097,095	5,351,949
(724,482)	(760,706)	(798,741)	(838,678)	(880,612)	(924,643)	(970,875)	(1,019,419)	(1,070,390)
2,897,928	3,042,824	3,194,966	3,354,714	3,522,450	3,698,572	3,883,501	4,077,676	4,281,559
(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	(4,312,552)	
(1,414,624)	(1,269,728)	(1,117,586)	(957,838)	(790,102)	(613,980)	(429,051)	(234,876)	
(1,194,870)	(1,194,870)	(1,194,870)	(1,194,870)	(1,194,870)	(1,194,870)	(1,194,870)	(1,194,870)	(11,459,760)
1,905,726	2,086,770	2,285,013	2,502,089	2,739,788	3,000,069	3,285,075	3,597,156	
36,224	38,035	39,937	41,934	44,031	46,232	48,544	50,971	
(667,544)	(339,792)	12,494	391,315	798,846	1,237,451	1,709,697	2,218,381	
180,237	91,744	(3,373)	(105,655)	(215,688)	(334,112)	(461,618)	(598,963)	
(1,234,387)	(1,177,984)	(1,120,960)	(1,063,493)	(1,005,791)	(948,092)	(890,670)	33,072,569	
(5,182,816)	(6,360,800)	(7,481,759)	(8,545,252)	(9,551,043)	(10,499,135)	(11,389,805)	21,682,764	

SALES PRICE	42,815,595
(CAP GAIN TAX)	(4,975,858)
(MORT BAL)	(3,933,329)
SALES PROCEEDS	33,906,408

Appendix F

FX-1 CONDOMINIUM OPTION

MILL POND DEVELOPMENT
SOURCES AND USES
FX-1 CONDOMINIUMS
FILE BB/6

YEAR	1 1985	2 1986	3 1987	4 1988	5 1989	6 1990
ACTIVITY	PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
SOURCES						
RENTAL INCOME	162,000	648,000	680,400	1,039,620	1,091,600	1,607,810
EQUITY	400,000	0	0	0	0	0
SALES/REFIN PROCEEDS	160,000	0	8,547,000	12,950,000	6,964,875	12,570,750
CASH SURPLUS	187,350	0	0	8,496	0	4,808,784
CASH SHORTFALL (LOAN REQ)	0	854,350	90,840	0	2,680,501	0
AVE CONST LOAN OUTSTANDING	0	1,907,906	7,865,515	8,782,237	1,340,250	0
CONST LOAN INT @ 10.5%	0	200,330	825,879	922,135	140,726	0
MARG CONST LOAN AMT	0	1,057,445	962,142	972,852	2,828,967	0
CONST LOAN OUTSTG-JAN 1	0	0	7,820,095	8,782,237	0	0
DEC 31	0	7,820,095	8,782,237	9,755,089	2,828,967	0
USES						
DEVELOPMENT COSTS	0	294,600	9,182,160	13,773,200	8,965,000	7,044,000
OPERATING EXP	99,000	396,000	136,080	207,924	218,320	321,562
PURCHASE/PERM FINANCING	435,650	811,750	0	0	1,553,656	2,004,214
CONST LOAN INT (+5.5%)	0	203,095	871,302	972,852	148,466	0

$9,755,089 PHASE I TAKE-OUT @ 9.5%, 10 YEARS
2,828,967 PHASE II TAKE-OUT

DS COV RATIO, 1ST STAB YR 1.28

Table 1 Sources and Uses

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE
3,061,700	3,214,790	3,375,525	3,544,300	3,721,520	3,907,600	4,102,975	4,308,125
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	30,856,581
445,146	567,618	696,206	831,226	973,002	1,121,866	1,278,166	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
612,340	642,958	675,105	708,860	744,304	781,520	820,595	861,625
2,004,214	2,004,214	2,004,214	2,004,214	2,004,214	2,004,214	2,004,214	2,004,214
0	0	0	0	0	0	0	0

MILL POND DEVELOPMENT
PRO FORMA ANALYSIS
FX-1 CONDOMINIUMS
FILE BB/5

YEAR / ACITVITY		1 1985 PURCHASE	2 1986 MOBILIZATION	3 1987 PHASE I CONSTRUCTION	4 1988 PHASE I SALES/LEASE-UP	5 1989 PHASE II CONST	6 1990 PHASE III CONST PHASE II SALES/LEASE-UP
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,091,600	1,607,810
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(218,320)	(321,562)
NOI		63,000	252,000	544,320	831,696	873,280	1,286,248
(CONST LOAN INT, DS PMT)		(435,650)	(1,014,845)	(871,302)	(972,852)	(1,702,122)	(2,004,214)
BTCF	(560,000)	(372,650)	(762,845)	(326,982)	(141,156)	(828,842)	(717,966)
(DEP)		(46,250)	(201,375)	(564,950)	(1,129,080)	(1,209,535)	(1,734,960)
AMORTIZATION		8,790	26,360	0	0	626,923	868,286
REPL RESERVES		0	6,480	6,804	10,396	16,078	30,617
TAXABLE INCOME		(410,110)	(931,380)	(885,128)	(1,259,840)	(1,395,376)	(1,554,023)
TAX BENE/(LIA)		205,055	465,690	442,564	629,920	697,688	777,012
ATCF	(560,000)	(167,595)	(297,155)	115,582	488,764	(131,154)	59,046
CUM CASH OUT (IN)		(567,595)	(864,750)	(749,168)	(260,404)	(391,558)	(332,513)
BT NPV @ 15%	(892,371)						
AT NPV @ 8%	12,244,986						
IRR	35.91%						

SALE:

TOTAL PROJECT VALUE	30,377,050	SALES PRICE	36,188,240
(ACCUM DEPRECIATION)	(18,789,710)	(BOOK VALUE)	(11,587,340)
BOOK VALUE	11,587,340	GAIN ON SALE	24,600,900
		(CAP GAIN TAX)	(4,920,180)

Table 2 Pro Forma Analysis

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
3,061,700	3,214,790	3,375,525	3,544,300	3,721,520	3,907,600	4,102,975	4,308,125	4,523,530
(612,340)	(642,958)	(675,105)	(708,860)	(744,304)	(781,520)	(820,595)	(861,625)	(904,706)
2,449,360	2,571,832	2,700,420	2,835,440	2,977,216	3,126,080	3,282,380	3,446,500	3,618,824
(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	
445,146	567,618	696,206	831,226	973,002	1,121,866	1,278,166	1,442,286	
(1,737,945)	(1,737,945)	(1,737,945)	(1,737,945)	(1,737,945)	(1,737,945)	(1,737,945)	(1,737,945)	(18,789,710)
950,774	1,041,097	1,140,001	1,248,299	1,366,890	1,496,744	1,638,935	1,794,634	
32,148	33,755	35,443	37,215	39,076	41,030	43,081	45,235	
(309,877)	(95,475)	133,705	378,795	641,023	921,695	1,222,237	1,544,210	
154,939	47,737	(66,853)	(189,398)	(320,512)	(460,847)	(611,119)	(772,105)	
600,085	615,355	629,354	641,828	652,491	661,019	667,047	31,526,762	
267,572	882,927	1,512,281	2,154,109	2,806,600	3,467,618	4,134,666	35,661,428	

SALES PRICE	36,188,240
(CAP GAIN TAX)	(4,920,180)
(MORT BAL)	(411,479)
SALES PROCEEDS	30,856,581

MILL POND DEVELOPMENT
PRO FORMA W/ TAX CHANGES
FX-1 CONDOMINIUMS
FILE TB/5

YEAR		1	2	3	4	5	6
		1985	1986	1987	1988	1989	1990
ACITVITY		PURCHASE	MOBILIZATION	PHASE I CONSTRUCTION PHASE I SALES/LEASE-UP		PHASE II CONST PHASE II SALES/LEASE-UP	PHASE III CONST
GROSS REVENUES		162,000	648,000	680,400	1,039,620	1,091,600	1,607,810
(OPERATING EXPENSES)		(99,000)	(396,000)	(136,080)	(207,924)	(218,320)	(321,562)
NOI		63,000	252,000	544,320	831,696	873,280	1,286,248
(CONST LOAN INT, DS PMT)		(435,650)	(1,014,845)	(871,302)	(972,852)	(1,702,122)	(2,004,214)
BTCF	(560,000)	(372,650)	(762,845)	(326,982)	(141,156)	(828,842)	(717,966)
(DEP)		(27,750)	(120,825)	(338,970)	(677,448)	(725,721)	(1,040,976)
AMORTIZATION		8,790	26,360	0	0	626,923	868,286
REPL RESERVES		0	6,480	6,804	10,396	16,078	30,617
TAXABLE INCOME		(391,610)	(850,830)	(659,148)	(808,208)	(911,562)	(860,039)
TAX BENE/(LIA)		105,735	229,724	177,970	218,216	246,122	232,211
ATCF	(560,000)	(266,915)	(533,121)	(149,012)	77,060	(582,720)	(485,755)
CUM CASH OUT (IN)		(666,915)	(1,200,036)	(1,349,048)	(1,271,988)	(1,854,708)	(2,340,464)
BT NPV @ 15%	(892,371)						
AT NPV @ 8%	10,586,284						
IRR	27.29%						

SALE:				
TOTAL PROJECT VALUE	30,377,050		SALES PRICE	36,188,240
(ACCUM DEPRECIATION)	(11,273,826)		(BOOK VALUE)	(19,103,224)
BOOK VALUE	19,103,224		GAIN ON SALE	17,085,016
			(CAP GAIN TAX)	(4,612,954)

Table 3 Pro Forma with Tax Changes

7 1991 III LEASE-UP	8 1992 OPERATIONS	9 1993 OPERATIONS	10 1994 OPERATIONS	11 1995 OPERATIONS	12 1996 OPERATIONS	13 1997 OPERATIONS	14 1998 SALE	15 1999
3,061,700	3,214,790	3,375,525	3,544,300	3,721,520	3,907,600	4,102,975	4,308,125	4,523,530
(612,340)	(642,958)	(675,105)	(708,860)	(744,304)	(781,520)	(820,595)	(861,625)	(904,706)
2,449,360	2,571,832	2,700,420	2,835,440	2,977,216	3,126,080	3,282,380	3,446,500	3,618,824
(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	(2,004,214)	
445,146	567,618	696,206	831,226	973,002	1,121,866	1,278,166	1,442,286	
(1,042,767)	(1,042,767)	(1,042,767)	(1,042,767)	(1,042,767)	(1,042,767)	(1,042,767)	(1,042,767)	(11,273,826)
950,774	1,041,097	1,140,001	1,248,299	1,366,890	1,496,744	1,638,935	1,794,634	
32,148	33,755	35,443	37,215	39,076	41,030	43,081	45,235	
385,301	599,703	828,883	1,073,973	1,336,201	1,616,873	1,917,415	2,239,388	
(104,031)	(161,920)	(223,798)	(289,973)	(360,774)	(436,556)	(517,702)	(604,635)	
341,115	405,698	472,408	541,253	612,228	685,310	760,464	32,001,458	
(1,999,349)	(1,593,651)	(1,121,243)	(579,990)	32,238	717,548	1,478,012	33,479,470	

SALES PRICE	36,188,240
(CAP GAIN TAX)	(4,612,954)
(MORT BAL)	(411,479)
SALES PROCEEDS	31,163,807

Appendix G

COVER LETTER TO DEVELOPERS

21 Beacon St. 11-A
Boston, MA 02108
August 15, 1986

Messrs. David Wakefield and Michael Viano
February Realty Trust
P.O. Box 125
Walpole, MA 02081

Dear David and Michael,

Well, here it is--the final outcome of almost five months of frantic telephone calls to Kevin, mysterious questions to Town Hall, and many nights at the computer. I expect that it will take a week or so for you to review the report, after which I would like to meet with you for final comments and questions, as well as to present the full scale site plan.

I do hope that the following recommendations receive your attention as well: It is crucial to adopt an overall strategy for the development; whether the project is implemented in its entirety, or incrementally over the next several years, the necessity for sophisticated planning and management exists.

The establishment of a financial plan is also of primary importance; without a solid assessment of the project economics, the structuring of the development process will not be possible.

And finally, the retaining of an experienced project manager will ultimately enable successful completion of this complicated yet challenging development.

I look forward to meeting with you next week, and wish you the best of luck and much success in your endeavors.

Sincerely,

Pamela Chicklis

cc: Kevin Dold