

DATE: May 1, 2023

TO: Honorable Mayor and City Council Members

FROM: Karen S. Conard, City Manager
Suzanne M. Woodland, Deputy City Manager
Susan G. Morrell, City Attorney
Robert P. Sullivan, Of Counsel

RE: McIntyre - Negotiated Sale Process for Fair Market Value

At the meeting of April 17, 2023, the City Council postponed until the meeting of May 1, 2023 consideration of whether to communicate to the General Services Administration (GSA) that the City is, or is not, interested in participating in a negotiated sale process for the purchases of the McIntyre property. The City Council expressed its interest in understanding more about the process and most importantly the likely acquisition price. Subsequent to the meeting, some City Councilors inquired about various scenarios relative to use of the property if acquired. This Memorandum, through an outline format and appendices, provides detail to support the following staff conclusions:

- The City will be required to pay fair market value to acquire the property;
- Fair market value, as indicated by GSA, is likely in the range of \$20-25 million;
- The acquisition scenarios present varying degrees of risk and often costs that are difficult to estimate;
- Given existing debt, projects in the Capital Improvement Plan would have to be revisited if the City Council elected to acquire the property; and
- The City Council has the option to initiate zoning changes to help better align the redevelopment of large parcels to address massing, height and community space concerns.

I. WHAT ARE THE REQUIREMENTS OF A NEGOTIATED SALE?

A. Fair Market Value (FMV) Transfer

Property must be purchased at FMV. GSA indicated the appraised value will be at highest and best use, without consideration of the cost to remediate the property, and that from its perspective that range is likely to be \$20-\$25 million. There is no current appraisal.

The City Assessor provided the following based on current data:

Indicated Market Value 2019
Market Driven Cost Approach - \$18,243,000
Income Approach - \$18,025,800

Since the revaluation, market values have changed. To get an idea of what the market value of the McIntyre property may be today, she utilized the 2019 adjusted value and applied the 2022 equalization ratio which is approximately 73%.

The indicated market value, as factored by the equalization ratio for 2023, would be as follows:

Market Driven Cost Approach - $\$18,243,000 / .73 = \$24,990,411$
Income Approach - $\$18,025,800 / .73 = \$24,692,877$

The above 2023 values are supported by the valuation methodology within the CAMA system and the NH Department of Revenue Equalization ratio. Outside of hiring an appraiser to do a full analysis and report, the above numbers provide an idea of the fair market value of the McIntyre property.

GSA has indicated that it will use the income approach if it conducts an appraisal. Based on this information, it is likely that the GSA is correct to suggest that an appraisal is likely to place a fair market value on the property of \$20-25 million. Appraisers employ standard criteria in developing an appraised value, and typically those standard criteria do not include the ease or difficulty of obtaining land use approvals, the risk of litigation, community controversy or similar hard to measure intangible factors. This is in contrast to having a shovel-ready project with land use approvals and permits in hand for a defined project which would influence the appraised value. The GSA has clearly indicated they will rely solely on their appraisal.

B. Must Be for Public Benefit

The sale must have a public benefit. GSA indicated this is relatively broad category of uses which would include many that have previously been described, including for public community space, a municipal facility and affordable housing. That stated, the GSA has ruled out the City working through other statutory sections that might, if initially pursued, have allowed for transfer of the property to the City for \$1 for various other public uses.

C. No Warranty Deed

GSA will convey the property without warranty covenants, as is.

D. Historic Covenant Restrictions

GSA has indicated that there will be historic covenants on the property transfer, which are consistent with the Secretary of the Interior's Standards. GSA has provided a sample of the type of historic covenant restrictions it anticipates will be included in the transfer (see attached Appendix 1). GSA has already initiated the Section 106 process with the New Hampshire State Historic Preservation Office (SHPO).

II. WHAT IS THE PROCESS FOR A NEGOTIATED SALE?

A. Commitment

The City must indicate its commitment to enter into a negotiated sale and take steps to show its commitment to pay FMV for the property for a public benefit. The GSA will expect the City to take concrete steps to purchase the property at FMV. One such step would be for City to secure promptly the financial commitment needed to fulfill its expressed interest, such as borrowing authorization for an amount not to exceed \$25 million. A public hearing and a 2/3 vote of the City Council is required to authorize borrowing.

Whether the GSA would consider a bonding authorization of a lower amount a sufficient indicator of interest to proceed is unknown. From the staff's conversations with GSA, certainly nothing lower than \$20 million would likely be of interest.

B. Appraisal and Offer

GSA will initiate an appraisal if the City commits to a negotiated sale. The expected time frame to complete the appraisal is 90-120 days from the date it is initiated (likely August-September time frame). Once GSA receives its appraisal, the appraised value would be disclosed to the City (but not the appraisal document itself) and the City would be expected to offer FMV (likely the appraised value). The GSA has provided a sample of its typical Offer to Purchase, see attached Appendix 2.

A "negotiated sale" is somewhat of a misnomer. The GSA has indicated very little flexibility in terms of its ability and interest in deviating from the appraised value once that appraised value is set. If the City were to authorize up to \$25 million in borrowing authorization for purposes of pursuing a negotiated sale, and if the appraised value came in at \$21 million for example, the offer to purchase would be in the lower amount. The City could adjust the borrowing authorization downward.

Note that a deposit of 10% of the purchase price is required at the time of the offer.

C. Review

The City's offer to purchase would be reviewed by a Congressional Oversight Committee as part of the GSA's decision as to whether to accept the City's offer. If the City's offer were rejected, the City's deposit would be returned.

D. Closing

Assuming the City's offer is accepted, the City would likely be contractually required to close on the property within a reasonable time within thirty (30) days. The GSA's intention is to close on the property no later than October of 2023.

III. WHAT DOES THE COMPETITIVE SALE PROCESS LOOK LIKE?

- A. GSA has indicated that the marketing and solicitation phase is projected to be 60-90 days, followed by a 30 day closing period. Its goal is to convey the property prior to the end of October 2023.
- B. The GSA will not provide any buyer with authorization to submit plans to the City for a redevelopment application in advance of sale and transfer of title.

All interested parties will be directed to the City for all matters related to proposed uses and the requisite entitlement process. To that end, GSA has asked the City to identify a dedicated point of contact that can be included in the Property bid package. GSA competitive sales are done as-is, where-is without warranty. GSA makes no representations as to zoning or reuse.

- C. GSA has started the Section 106 process and that is ongoing. The GSA is currently finalizing correspondence to the State Historic Preservation Officer (SHPO) that will include proposed preservation restrictions to be included in the deed to protect the historic features of the Property. GSA's 106 process will be completed prior to conveyance. All future owners will need to comply with the adopted restrictions and consult with the SHPO as appropriate based on their proposed reuse plan.
- D. The GSA will not conduct an appraisal if the competitive bid process is initiated. The competitive sale process could deliver a final price that is higher or lower than whatever the appraised price might be. It is unclear whether potential buyers will be impacted/influenced by the history of controversy, the land use board process, and the litigation risks. As is well-reported, many projects in recent years have been appealed.

IV. CONSIDERATION OF VARIOUS SCENARIOS IF PURCHASED

- A. Relocate City Hall to the site, allowing the existing building at Junkins Avenue to be renovated for a modern community policing facility and other purposes

An investment of approximately \$61 million would be required just to make the building suitable for municipal office use:

\$25 million purchase price

\$26 million in construction costs to redevelop for municipal purposes

DPW used the construction estimates prepared by Cummings to create a very preliminary cost estimate for such renovation for municipal purposes. This renovation would include \$4 million in hazardous material remediation alone. There is hazardous material throughout the building including in the flooring, ceiling, walls, caulking/joint compound, fireproofing and insulation. The renovation would also include necessary new HVAC equipment and infrastructure throughout so as to avoid moving into a building with air quality issues. The estimate also includes telecommunication costs, AV equipment and other IT needs

in the outdated building. Given that the existing building has an open floor plan in many parts of the structure, departments could expect to operate in a more modular office environment with less individual office space so as to maintain cost efficiency. This figure achieves basic fit up for municipal uses and not the Class A office space that is reflected in the previous proformas.

\$10 million in design costs, project management, material testing, moving costs, commissioning, and other soft costs as well as onsite and adjacent infrastructure improvements.

This does not include any estimate to renovate the Junkins Avenue property for a modern community policing facility.

Two spreadsheets prepared by the Finance Department show the impact of borrowing the amounts needed to accomplish this scenario. See Appendix 3, current long-term debt forecast model and Appendix 4, with an additional \$61 million in debt. The funds needed would result in a substantial increase to the tax rate.

In addition, to maintain the City's level of net debt below or around 10% of annual appropriations (the best practice the City has employed for many years), the City Council would have to revisit the projects identified in the approved Capital Improvement Plan. See Appendix 5. The City Council would need to immediately start identifying \$61 million in projects to remove or indefinitely postpone.

B. Construct a community policing facility at the site

The Deputy City Manager discussed this scenario with the Community Policing Facility Project Team on April 18, 2023. The team included representatives of the consultant team, the Police Chief, and Department of Public Works representatives. The team was unanimous in its view that the McIntyre site is a poor location for a community policing facility principally due to its location. Emergency response times would be impacted by bridge operations, traffic and pedestrian volume during the tourist season, and road and lane closures for special events. In addition, the security elements that would be part of any new facility would likely prove less attractive than other uses.

The City's CIP currently has \$38 million scheduled for FY25 for a new Community Policing Facility. This figure may be low based on current construction costs given recent bidding experience. In any scenario, this significant future anticipated investment would need to be considered positively or negatively.

As stated above, the GSA would expect the City to acquire the property through negotiated sale at FMV or competitive bidding process even if the City were to pursue the acquisition for this very public purpose.

C. Construct a parking garage at the site

Although it is certainly possible that the parking needs study that is underway will identify a need for another parking garage, it is premature to fully understand this need and estimate of costs. In addition, this would be a poor site for a parking garage due to its location; it would be impacted by bridge operations, traffic and pedestrian volume during the tourist season, and road and lane closures for special events. In addition, to be worth the investment in construction and operation, the massing and scale of such a garage would likely not be a good fit and a desirable use in the heart of the downtown.

D. Use the property for affordable/workforce housing

The City staff has explored in the last three weeks the potential for securing the property for workforce/affordable housing. The City has been unable to identify an affordable housing partner who believes that the site can be readily redeveloped for such purpose in light of the cost of acquisition, the cost of redevelopment, the timing challenges to secure funding from the variety of sources that are typically accessed for such projects and the history of controversy and community disagreement which makes securing partners and funding particularly challenging.

E. Subdivide the property, using a portion of it for a park or other public purpose, and selling the remainder

This option presents risks that are difficult to quantify fully. The principal risk is that after purchasing the property for \$25 million (to pick a price), the City takes some action through subdivision or deed restrictions that so impairs the value of the parcel being resold that whatever the amount the City expected to receive upon resale of the remainder will be less than anticipated and result in significant limits on the City's ability to borrow for other projects in the CIP.

For example, if the City were to purchase the property for \$25 million and subdivide off a half an acre for a public park or urban community space, the City Council would have to be comfortable with the unknown of what the resale amount of the remainder would be. While the City might be able to do some gross estimating of value, a new configuration of that lot would be more difficult to assess in value. If the City Council would like to pursue this scenario further, the City Council should provide additional

guidance on the amount of property it would consider retaining for public purpose versus private use.

Fundamentally, the market could change due to some unexpected events between the time of the City's acquisition of the parcel and its resale of any remainder; this scenario could leave the City overly debt-burdened and require difficult choices with regard to other capital projects. In addition, this scenario does not include the costs of improvements to portion retained for public use. As an additional note, there is an excess profits clause that is included in any offer to purchase. That clause provides that if the purchaser resells the property within three years and there is a profit from that sale, that profit is remitted to the GSA.

If the City Council chooses this route, the City could use a short-term Bond Anticipation Note (BAN) to finance the initial purchase. See attached as Appendix 6 a spreadsheet showing the interest to be paid on such a short-term note (assuming tax exempt). After the remainder was sold, the difference between the initial purchase price and the amount received from the sale of the remainder would be the amount bonded for the long term (example: purchase for \$25 million and resell remainder parcel for \$20 million – leaving \$5 million to be bonded long term).

F. After acquisition, place restrictions on the property relative to massing, height and community space and sell it to a third party

The GSA has ruled out this option. They are not interested in an option in which the City does not intend to retain at least a portion of the property.

V. FINAL COMMENTS

A. Financial Considerations

Each of the scenarios listed above could result in a wide range of financial implications ranging from very little to significant risk to the City's current strong financial position. Considerations would include:

1. Potential risk to the AAA Bond Rating. The City has been able to maintain a AAA rating from Standard & Poor's (S&P) since 2013 because of our conservative debt management and fund balance policies. Straying from these policies could be a sign of risk to S&P. To continue to follow our debt management policy (no more than 10% of annual appropriation toward debt service payment in any given year), future investments in our infrastructure and master plans could be jeopardized.

2. Debt Limit. In accordance with the NH Legal Debit Limit RSA 33, the City can borrow up to 3% of our base valuation. Projecting our current outstanding debt, incorporating projects identified in the current CIP and adding in the purchase/rehabilitation of the McIntyre building at \$61 Million, would bring the City closer to its maximum borrowing capacity. In FY25, this would increase the City's legal debt limit margin from a projected 50% to 72%. This could potentially raise concern with the rating agencies.

3. Financial Burden to our taxpayers. \$61 Million in new debt would cost a median single family home taxpayer approximately \$485.00 in the first year of the total permanent financing in a worst-case scenario.

B. Zoning Option

The Planning Department is prepared to bring forward changes to the Zoning Ordinance expeditiously, such that said updates to the Zoning Ordinance relative to parcels in the downtown overlay district that are greater than one acre in size could be differently regulated than they are today.

LAKES REGION
**COMMUNITY
SERVICES**

Engage. Empower. Inspire.

APPENDIX 1

February 23, 2012

Mr. Telesforo Ramirez
Program Support Center
Department of Health and Human Services
5600 Fishers Lane Room 5B-17
Rockville, Maryland 20857

Dear Tele:

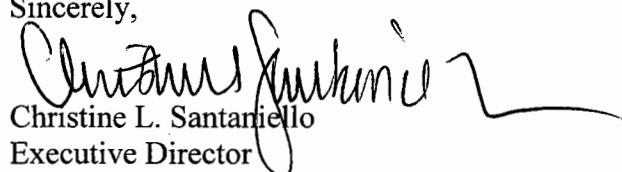
Enclosed is a copy of the recorded deed and the Certificate of Recordation for the building located at 719 North Main Street in Laconia, NH.

I thank you for all of your hard work over these last two and a half years to make this a reality for Lakes Region Community Services (LRCS).

If you are in need of any further information and/or documentation, please do not hesitate to contact me at 603.524.8811 x. 125 or chriss@lracs.org.

Thank you!

Sincerely,


Christine L. Santaniello
Executive Director

cc: Shelley Kelleher, letter only

RECEIVED
2.28.12

CERTIFICATION OF RECORDATION

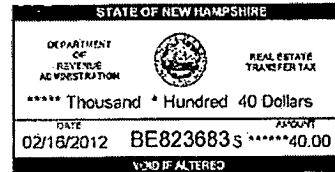
I, BARBARA R. LUTHER, of the Office of the County Recorder of the
County of Belknap, State of New Hampshire, did receive on the
16th day of February, 20 12, for filing and recordation, the following
instrument:

See attached

I further certify that the same has been recorded in Book 2755, at Page 686, of
the Official Records of the said County.

Barbara R. Luther
(Signature)
Register of Deeds
(Title)

Barbara R. Luther



Contract No. 01-NH-2315

QUITCLAIM DEED

THIS INDENTURE, made this 8th day of February, 2012, between the United States of America, acting through the Secretary of Health and Human Services, by the Chief, Real Property Branch, Division of Property Management, Program Support Center, U.S. Department of Health and Human Services (hereinafter referred to as "Grantor"), under and pursuant to the power and authority delegated by the Federal Property and Administrative Services Act of 1949 (40 U.S.C. § 550), (hereinafter, "the Act"), and regulations promulgated pursuant thereto at 45 C.F.R. Part 12, and Lakes Region Community Services, Inc., (hereinafter, "Grantee").

P.O. Box 509 Laconia, NH 03247

WITNESSETH

WHEREAS, by letter dated November 10, 2011, from the General Services Administration (hereinafter, "GSA"), certain surplus property, acquired by the United States of America from Mildred Pitman of Laconia, New Hampshire, by deed dated November 1, 1938, and recorded in the Belknap County Registry of Deeds in Deed Book 236, at Page 291, consisting of 1.4 acres, more or less, and improved with one two-story building containing 31,271 square feet (hereinafter, "the Property"), was assigned to Grantor for disposal upon the recommendation of Grantor that the Property is needed for public health purposes in accordance with the provisions of the Act; and,

WHEREAS, said Grantee has made a firm offer to purchase the Property under the provisions of the Act, has applied for a Public Benefit Allowance, and proposes to use the Property in accordance with the approved program of utilization; and

WHEREAS, Grantor has accepted the offer of Grantee,

NOW, THEREFORE, Grantor, for and in consideration of the foregoing and of the observance and performance by Grantee of the covenants, considerations and restrictions hereinafter contained and other good and valuable consideration, the receipt of which is hereby acknowledged, has remised, released and quitclaimed and by these presents does remise, release and quitclaim to Grantee, its successors and assigns, all right, title, interest, claim and demand, excepting and reserving such rights as may arise from the operation of the conditions subsequent hereinafter expressed, which the United States of America has in and to the Property, situate, lying, and being in the County of Laconia, State of New Hampshire, and more particularly described as follows:

The Property is more particularly described in **Exhibit A**, which contains a City of Laconia planning document and an original stamped legal description, which is attached hereto and made a part hereof.

SUBJECT to any and all other existing easements, encumbrances, covenants, restrictions, reservations or conditions affecting the above described property whether or not the same appear on record.

Grantee shall comply with all applicable Federal, State, municipal, and local laws, rules, orders, ordinances, and regulations in the occupation, use, and operation of the Property.

TO HAVE AND TO HOLD the Property subject, however, to each of the following conditions subsequent, which shall be binding upon and enforceable against Grantee, its successors and assigns, as follows:

1. That for a period of thirty (30) years from the date hereof the Property herein conveyed will be used continuously for health purposes in accordance with Grantee's approved program of utilization as set forth in its application dated September 22, 2009, and amended on November 16, 2009, and for no other purpose;
2. That during the aforesaid period of thirty (30) years Grantee will not resell, lease, mortgage, or encumber or otherwise dispose of any part of the Property or interest therein except as Grantor or its successor in function may authorize in writing;
3. Where construction or major renovation is not required or proposed, the Property must be placed into use within twelve (12) months from the date of this Deed. Where construction or major renovation is contemplated at the time of transfer, the Property must be placed into use within thirty-six (36) months from the date of this Deed;
4. That one year from the date hereof and annually thereafter for the aforesaid period of thirty (30) years, unless Grantor or its successor in function directs otherwise, Grantee will file with Grantor or its successor in function reports on the operation and maintenance of the Property and will furnish, as requested, such other pertinent data evidencing continuous use of the Property for the purposes specified in the above-identified application;
5. That during the aforesaid period of thirty (30) years Grantee will at all times be and remain a tax-supported organization or a nonprofit institution, organization, or association exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and
6. That, for the period during which the Property is used for the purpose for which the Federal assistance is hereby extended by Grantor or for another purpose involving the provision of similar services or benefits, Grantee hereby agrees that it will

comply with the requirements of section 606 of the Act (40 U.S.C. § 476); the Fair Housing Act (42 U.S.C. § 3601-19) and implementing regulations; and, as applicable, Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations; Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d to d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations; Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681) and implementing regulations; the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101-07) and implementing regulations; the prohibitions against otherwise qualified individuals with handicaps under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and implementing regulations, and all requirements imposed by or pursuant to the regulations of Grantor (45 CFR Parts 12, 80, 84, 86 and 91) issued pursuant to said Acts and now in effect, to the end that, in accordance with said Acts and regulations, no person in the United States shall, on the ground of race, color, national origin, sex, age, or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program and plan referred to in condition numbered 1 above or under any other program or activity of Grantee, its successors or assigns, to which said Acts and regulations apply by reason of this conveyance.

In the event of a breach of any of the conditions subsequent set forth above, whether caused by the legal or other inability of Grantee, its successors and assigns, to perform any of the obligations herein set forth, Grantor or its successor in function will, at its option, have an immediate right of reentry thereon, and to cause all right, title, and interest in and to the Property to revert to the United States of America, and Grantee, its successors and assigns, shall forfeit all right, title, and interest in and to the Property and to any and all of the tenements, hereditaments, and appurtenances thereunto belonging;

PROVIDED, HOWEVER, that the failure of Grantor or its successor in function to insist in any one or more instance upon complete performance of any of the said conditions subsequent shall not be construed as a waiver of or a relinquishment of the future performance of any of said conditions subsequent, but the obligations of Grantee with respect to such future performance shall continue in full force and effect;

PROVIDED FURTHER, that, in the event Grantor or its successor in function fails to exercise its option to reenter the premises and to revert title thereto for any such breach of conditions numbered 1, 2, 3, 4, or 5 herein within thirty-one (31) years from the date of this conveyance, conditions numbered 1, 2, 3, 4, and 5 herein, together with all rights to reenter and revert title for breach of condition, will, as of that date, terminate and be extinguished; and

PROVIDED FURTHER, that the expiration of conditions numbered 1, 2, 3, 4, and 5 and the right to reenter and revert title for breach thereof, will not affect the obligation of Grantee, its successors and assigns, with respect to condition numbered 6 herein or the right reserved to Grantor, or its successor in function, to reenter and revert title for breach of condition numbered 6.

Grantee may secure abrogation of the conditions subsequent numbered 1, 2, 3, 4, and 5 herein by:

- a. Obtaining the consent of Grantor, or its successor in function, therefor; and
- b. Payment to the United States of America of 1/360th of the percentage public benefit allowance granted of the fair market value as of the date of such requested abrogation, exclusive of the value of improvements made by Grantee to the extent that they add to the value of that portion of the Property to be released, for each month of the period to be abrogated.

Grantee, by acceptance of this Deed, covenants and agrees for itself, its successors and assigns, with respect to the Property or any part thereof--which covenant shall attach to and run with the land for so long as the Property is used for a purpose for which Federal assistance is hereby extended by Grantor or for another purpose involving the provision of similar services or benefits, and which covenant shall in any event, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity, for the benefit of and in favor of and enforceable by Grantor or its successor in function against Grantee, its successors and assigns for the Property, or any part thereof--that it will comply with the requirements of section 606 of the Act (40 U.S.C. § 476); the Fair Housing Act (42 U.S.C. § 3601-19) and implementing regulations; Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations; Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d to d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations; the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101-07) and implementing regulations; and the prohibitions against otherwise qualified individuals with handicaps under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and implementing regulations; and all requirements imposed by or pursuant to the regulations of Grantor (45 C.F.R. Parts 12, 80, 84 and 91) issued pursuant to said acts and now in effect, to the end that, in accordance with said acts and regulations, no person in the United States shall, on the ground of race, color, national origin, sex, age, or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program and plan referred to in condition numbered 1 above or under any other program or activity of Grantee, its successors or assigns, to which such Acts and regulations apply by reason of this conveyance.

Grantee covenants and agrees that the Property will be used for secular purposes, with no more than a de minimis level of other activity.

Grantee, by acceptance of this Deed, covenants and agrees for itself, its successors and assigns, that in the event Grantor exercises its option to revert all right, title, and interest in and to the Property to Grantor, or Grantee voluntarily returns title to the Property in lieu of a reverter, then Grantee shall provide protection to and maintenance of the Property at all times until such time as the title is actually reverted or returned to and accepted by Grantor. Such protection and maintenance shall, at a minimum, conform to the standards prescribed by the General Services Administration and codified in the Federal Property Management Regulations at 41 C.F.R.

Subpart 101-75.545 now in effect, a copy of which is attached to Grantee's aforementioned application.

In the event title to the Property or any part thereof is reverted to the United States of America for noncompliance or is voluntarily reconveyed in lieu of reverter, Grantee, its successors or assigns, at the option of Grantor, or its successor in function, shall be responsible for and shall be required to reimburse the United States of America for the decreased value thereof that is not the result of reasonable wear and tear, an act of God, or alterations and conversions made by Grantee, its successors or assigns, to adapt the property to the health use for which the property was transferred. The United States of America shall, in addition thereto, be reimbursed for such damage, including such costs as may be incurred in recovering title to or possession of the above-described property, as it may sustain as a result of such noncompliance.

Grantee, by acceptance of this deed, further covenants and agrees for itself, its successors and assigns, that in the event the Property or any part thereof is, at any time within the period of thirty (30) years from the date of this conveyance, sold, leased, disposed of, or used for purposes other than those designated in condition numbered 1 above without the consent of Grantor, or its successor in function, all revenues therefrom or the reasonable value, as determined by Grantor, or its successor in function, of benefits to Grantee, deriving directly or indirectly from such sale, lease, disposal, or use, shall be considered to have been received and held in trust by Grantee for the United States of America and shall be subject to the direction and control of Grantor, or its successor in function; but the provisions of this paragraph shall not impair or affect the rights reserved to Grantor under any other provision of this deed.

Grantee, by acceptance of this Deed, covenants and agrees for itself, its successors and assigns, that the Property is transferred on an "as is, where is," basis, without warranty of any kind, either expressed or implied, including as to the condition of the Property. Grantee also covenants and agrees for itself, its successors and assigns, that the United States has no obligation to provide any additions, improvements, or alterations to the Property.

Grantor, in its capacity as a public benefit conveyance authority for the United States of America, does not assume liability, custody, or accountability for the property in the event title to the Property reverts to the United States of America for noncompliance with this Deed, or in connection with any hazardous substance activity or condition on the Property.

The following covenants and restrictions are provided pursuant to the aforementioned letter of assignment from the General Services Administration (Region 1).

Grantee, by acceptance of this Deed, agrees to accept conveyance of the Property subject to all covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, privileges, benefits, agreements, and encumbrances, whether or not of record.

NOTICES & COVENANT REGARDING HAZARDOUS SUBSTANCE ACTIVITY

Notice Regarding Hazardous Substance Activity. Pursuant to 40 C.F.R. 373.2 and Section 120(h)(3)(A)(i) of the Comprehensive Environmental Response, Compensation and Liability Act

of 1980, as amended (CERCLA) (42 U.S.C. § 9620(h)(3)(A)(i)), and based upon a complete search of agency files, the United States gives notice that no hazardous substances have been released or disposed of or stored for one year or more on the Property (See **Exhibit B, Hazardous Substance Activity Certification**).

CERCLA Covenant. Grantor warrants that all remedial action necessary to protect human health and the environment has been taken before the date of this conveyance. Grantor warrants that it shall take any additional response action necessary after the date of this conveyance regarding hazardous substances located on the Property on the date of this conveyance (See **Exhibit B, Hazardous Substance Activity Certification**).

1. This covenant shall not apply: (a) in any case in which Grantee, its successors or assigns, or any successor in interest to the Property or part thereof is a Potentially Responsible Party (PRP) with respect to the Property immediately prior to the date of this conveyance; or (b) to the extent that such additional response action or part thereof found to be necessary is the result of an act or failure to act of the Grantee, its successors or assigns, or any party in possession after the date of this conveyance that either: (i) results in a release or threatened release of a hazardous substance that was not located on the Property on the date of this conveyance; or (ii) causes or exacerbates the release or threatened release of hazardous substance the existence and location of which was known and identified to the applicable regulatory authority as of the date of this conveyance.
2. In the event Grantee, its successor(s) or assign(s), seeks to have the United States of America conduct any additional response action, and, as a condition precedent to the United States of America incurring any additional cleanup obligation or related expenses, the Grantee, its successor(s) and assign(s), shall provide the United States of America at least 45 days written notice of such a claim. In order for the 45-day period to commence, such notice must include credible evidence that: (a) the associated contamination existed prior to the date of this conveyance; and (b) the need to conduct any additional response action or part thereof was not the result of any act or failure to act by the Grantee, its successors or assigns, or any party in possession.

Reservation of Right of Access. The United States of America reserves a right of access to all portions of the Property for environmental investigation, remediation or other corrective action. This reservation includes the right of access to and use of available utilities at a reasonable cost to the United States of America. These rights shall be exercisable in any case in which a remedial action, response action or corrective action is found to be necessary after the date of this conveyance, or in which access is necessary to carry out a remedial action, response action, or corrective action on adjoining property. Pursuant to this reservation, the United States of America, and its respective officers, agents, employees, contractors and subcontractors shall have the right (upon reasonable advance written notice to the record title owner) to enter upon the Property and conduct investigations and surveys, to include drilling, test pitting, borings, data and records compilation and other activities related to environmental investigation, and to carry out remedial or removal actions as required or necessary, including but not limited to the installation and operation of monitoring wells, pumping wells, and treatment facilities. Any such entry, including such activities, responses or remedial actions, shall be coordinated with record

title owner and shall be performed in a manner that minimizes interruption with activities of authorized occupants.

HISTORIC AND CULTURAL RESOURCES

Pursuant to Section 106 of the National Historic Preservation Act, the two-story building on the Property was nominated to the National Register of Historic Places and was listed on October 25, 2011.

The State of New Hampshire, Department of Historic Resources has been consulted with regard to the conveyance of the Property and the related historic preservation easement requirement as mandated by Section 106 of the National Historic Preservation Act.

By acceptance of this Deed, Grantee agrees to grant a historic preservation easement to the State of New Hampshire, Department of Historic Resources, and to maintain and preserve the Property herein conveyed according to the terms of the historic preservation easement. Grantee further agrees that the terms of the historic preservation easement shall not interfere with the rights and interests retained in this Deed by Grantor, including but not limited to Grantor's reversionary interest in the property.

Further, Grantee agrees to grant said historic preservation easement immediately subsequent to, and on the same date as, Grantee's execution of this Deed, and upon full execution, Grantee agrees to record this Deed and then the Historic Preservation Easement, in that order, and to provide copies of such to Grantor.

COVENANT AND INDEMNIFICATION REGARDING THE PRESENCE OF LEAD BASED PAINT

Grantee hereby acknowledges the required disclosure, dated January 11, 2012, in accordance with the Residential Lead-Based Paint Hazard Reduction Act of 1992, 42 U.S.C. 4852d (Title X), of the presence of any known lead-based paint and/or lead-based paint hazards in target housing constructed prior to 1978 on the Property. This disclosure includes the receipt of available records and reports pertaining to lead-based paint and lead-based paint hazards; receipt of the lead hazard information pamphlet; and inclusion of the 24 C.F.R. 35 and 40 C.F.R. 745 disclosure and lead warning language; the completed Disclosure is attached as **Exhibit C** in this deed of conveyance. Grantee further acknowledges that Grantee was given the opportunity to inspect, and thereby assess, the Property for lead-based paint hazards.

The Property contains no improvements defined by Title X as target housing. However, in the event that any improvement on the Property is converted to residential use, the Grantee covenants and agrees that in its use and occupancy of such Property it will comply with 24 C.F.R. 35 and 40 C.F.R. 745 and all applicable Federal, State, and local laws relating to lead-based paint; and that the United States of America assumes no liability for damages for Property damage, personal injury illness, disability, or death, to Grantee, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use disposition, or other activity causing or leading

to contact of any kind whatsoever with lead-based paint on the Property described in this deed, whether Grantee, and its successors or assigns, have properly warned or failed to properly warn the individual(s) injured. Grantee further agrees to indemnify, defend and hold harmless the United States of America from any and all loss, judgment, claims, demands, expenses or damages, of whatever nature which might arise or be made against the United States of America, due to, or relating to the presence of lead-based paint hazards on the Property, any related abatement activities, or the disposal of any material from the abatement process.

Upon execution of this Deed, Grantee agrees to complete and execute the Certificate of Completion of Lead Abatement, attached as **Exhibit D** certifying that the existing improvements will not be used as residences and/or will be demolished in accordance with local laws and regulations.

Grantee further covenants and agrees that it will comply with all Federal, state, local, and any other applicable law regarding lead-based paint hazards with respect to the Property.

ASBESTOS CONTAINING MATERIALS

Grantee is warned that the Property contains asbestos-containing materials. Unprotected or unregulated exposures to asbestos in product manufacturing, shipyard, and building construction workplaces have been associated with asbestos-related diseases. Both the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) regulate asbestos because of the potential hazards associated with exposure to airborne asbestos fibers. Both OSHA and EPA have determined that such exposure increases the risk of asbestos-related diseases, which include certain cancers and which can result in disability or death.

Grantee is invited, urged, and cautioned to inspect the Property as to its asbestos content and condition, and any hazardous or environmental conditions relating thereto. The disposal agency will assist Grantee in obtaining any authorizations(s) which may be required in order to carry out any such inspection(s). Grantee shall be deemed to have relied solely on its own judgment in assessing the overall condition of all or any portion of the Property including, without limitation, any asbestos hazards or concerns.

No warranties either express or implied are given with regard to the condition of the Property including, without limitation, whether the Property does or does not contain asbestos or is or is not safe for a particular purpose. The failure of Grantee to be fully informed as to the condition of all or any portion of the Property offered, will not constitute grounds for any claim against the Government.

The description of the Property set forth in this Quitclaim Deed and any other information provided therein with respect to the Property is based on the best information available to the disposal agency and is believed to be correct, but any error or omission, including but not limited to the omission of any information available to the agency having custody over the Property and/or any other Federal agency, shall not constitute grounds or reason for any claim by the Grantee against the Government.

The Government assumes no liability for damages for personal injury, illness, disability or death, to the Grantee, or the Grantee's successors, assigns, employees, invitees, licensees, or any other person subject to the Grantee's control or direction, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property which is the subject of this conveyance, whether the Grantee, its successors or assigns has properly warned or failed to properly warn the individual(s) injured.

The Grantee further agrees that in its use and occupancy of the Property it will comply with all Federal, state, and local laws relating to asbestos.

HAZARDS TO AIR NAVIGATION

Objects Affecting Navigable Air Space. Pursuant to the requirements of House Report Number 95-1053 entitled "FAA Determinations of 'No Hazard' For Structures Near Airports," it has been determined that the Laconia Municipal Airport is located within six (6) nautical miles of the Property. No construction on or alteration of the Property or any portion thereof shall be undertaken by the Grantee, its successors or assigns unless and until a written determination of no hazard to air navigation shall have been issued the FAA pursuant to 14 C.F.R. Part 77 "Objects Affecting Navigable Air Space" or under the authority of the Federal Aviation Act of 1958, as amended. This restriction shall run with the Property.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed as of the day and year first above written.

UNITED STATES OF AMERICA
Acting through the Secretary of Health and Human Services

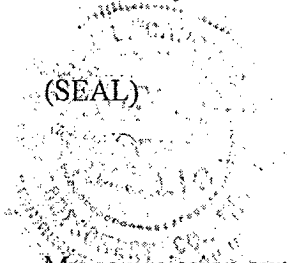
By: *Theresa Ritta*
Theresa M. Ritta
Chief, Real Property Branch
Division of Property Management
Program Support Center

ACKNOWLEDGMENT

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) SS

On this 8th day of February, 2012, before me the undersigned officer, personally appeared Theresa M. Ritta, known to me to be the Chief, Real Property Branch, Division of Property Management, Department of Health and Human Services, and known to me to be the person who executed the foregoing instrument on behalf of the Secretary of Health and Human Services, for the United States of America, and acknowledged to me that she subscribed to the said instrument in the name of the Secretary of Health and Human Services and on behalf of the United States of America.

Witness my hand and official seal.



Anise L. Capotosto
Notary Public

My commission expires 2/8/2016.

ANISE L. CAPOTOSTO
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 8, 2016

ACCEPTANCE

The Lakes Region Community Services, Inc., hereby accepts this deed and thereby agrees to all the terms, covenants, conditions and restrictions contained therein.

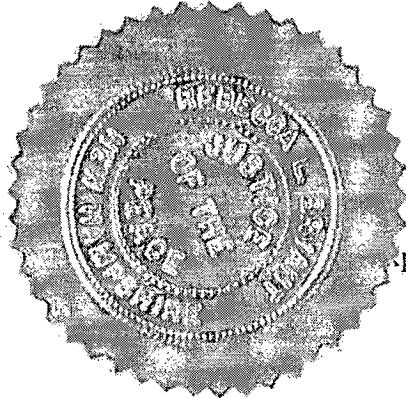
By Randy Perkins
Randy Perkins
Board President
Lakes Region Community Services, Inc.

ACKNOWLEDGMENT

STATE OF NEW HAMPSHIRE)
COUNTY OF BEKINAP) SS

On this 15th day of February 2012, before me, a Notary Public in the City of LACONIA, County of BEKINAP, State of New Hampshire, and for Lakes Region Community Services, Inc., personally appeared RANDY PERKINS, known to me to be the Board President, Lakes Region Community Services, Inc., and known to me to be the person who executed the foregoing instrument on behalf of Lakes Region Community Services, Inc., and acknowledged to me that he executed the same as the free act and deed of Lakes Region Community Services, Inc.

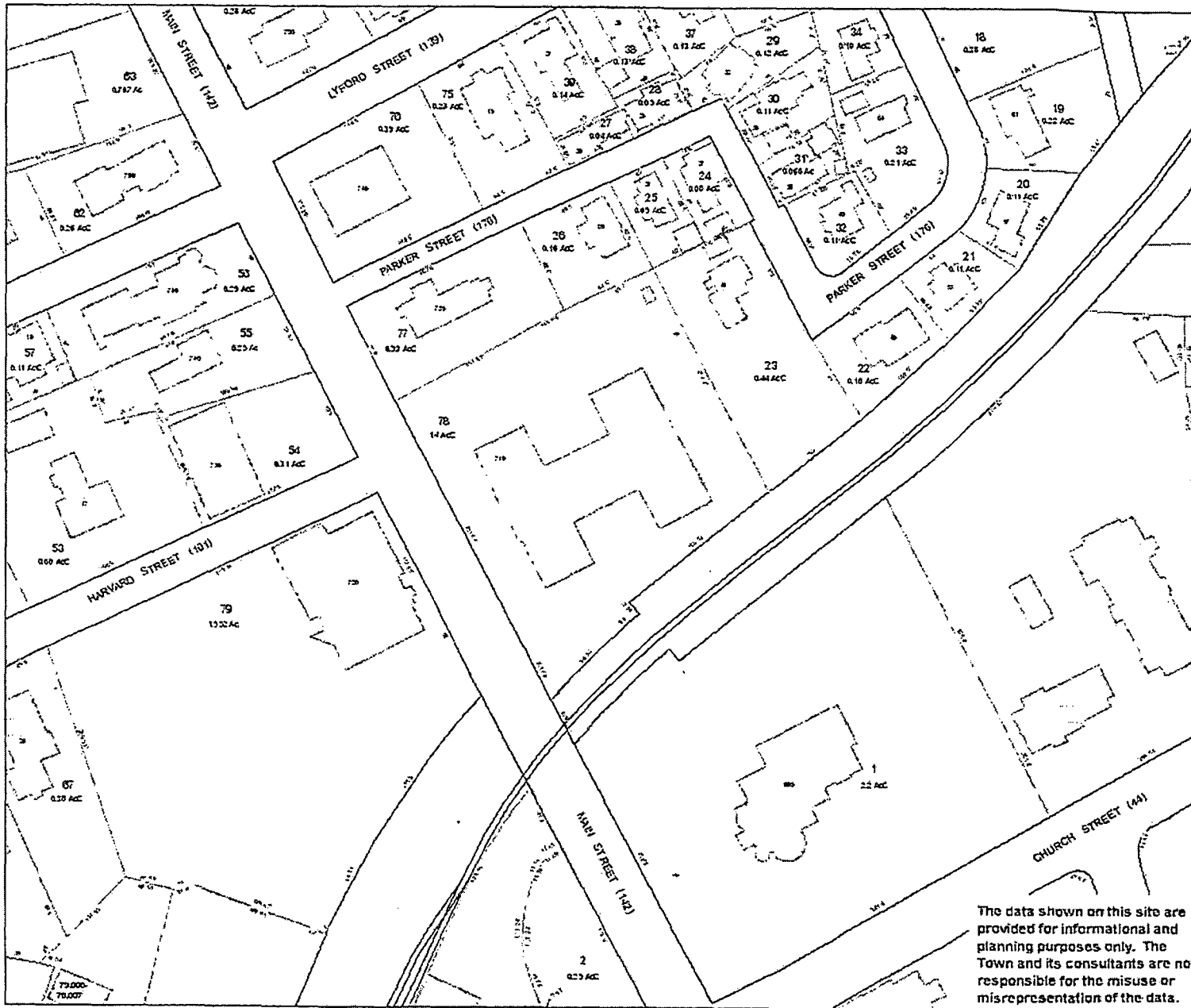
Witness my hand and official seal.



Rebecca Bryant
Notary Public / Justice of the Peace

My Commission Expires REBECCA L. BRYANT, Justice of the Peace
My Commission Expires April 1, 2014

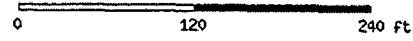
EXHIBIT A



- City Line
- Abutting Towns
- Railroad
- Urban Renewal
- Housing Redevelopment
- Buildings
- Streams
- Open Water
- Miscellaneous Lines
- Bridge
- Cemetery
- Dam
- Dock
- Hooks
- Priv Rd RW
- RW
- Util Easement
- Parcel Lines
- Common Line
- Private Road
- Railroad RW
- Road RW
- Urlev Road
- Parcels

Legibility of original document
 poor for reproduction

The data shown on this site are provided for informational and planning purposes only. The Town and its consultants are not responsible for the misuse or misrepresentation of the data.



Beginning at a point on the easterly side of Main Street at the northerly line of the Boston & Maine Railroad, which point is 7.07 feet southwest of the southwest corner of a concrete bound, which bound is set in 5 feet from the easterly line of Main Street, and running N 12° 10' W a distance of 291.54 feet on said Main Street to the southwest corner of land of Louise P. Knight, which corner is 7.07 feet northwest of the northwest corner of a concrete bound, which bound is set in 5 feet from the easterly line of Main Street; thence turning at an interior angle of 88° 36' and running N 79° 14' E a distance of 161.89 feet along the southerly line of land of said Louise P. Knight to the southwest corner of land of Boniface Bujnievics and thence running N 79° 14' E a distance of 85.7 feet along the southerly line of land of said Boniface Bujnievics to a point in the westerly line of land of Wilfred M. Bisson, which point is 5 feet northwest of the southeast corner of a concrete bound, the easterly side of which bound coincides with said westerly line of land of the said Wilfred M. Bisson; thence turning at an interior angle of 91° 24' and running S 12° 10' E a distance of 214.35 feet along the said westerly line of land of the said Wilfred M. Bisson to a point in the northerly line of land of said Boston & Maine Railroad, which point coincides with the southeasterly corner of a concrete bound, the easterly side of which bound coincides with the said westerly line of land of the said Wilfred M. Bisson; thence turning at an interior angle of 101° 40' and running S 66° 10' W a distance of 150.54 feet along the northerly line of land of said Boston & Maine Railroad to a point, which point coincides with the southwest corner of a concrete bound, the southerly side of which bound coincides with the last mentioned northerly line of said Boston & Maine Railroad; thence turning at an exterior angle of 90° and running S 23° 50' E a distance of 12.38 feet along the westerly line of land of said Boston & Maine Railroad to a point in the northerly line of land of said Boston & Maine Railroad, which point coincides with the southeasterly corner of a concrete bound, the southerly side of which bound coincides with the last mentioned northerly line of land of said Boston & Maine Railroad; thence turning at an interior angle

of 90° and running S 66° 10' W a distance of 9.6 feet along the last mentioned northerly line of land of said Boston & Maine Railroad to a point in the said last mentioned northerly line of land of said Boston & Maine Railroad, which point coincides with the southwesterly corner of a concrete bound, the southerly side of which bound coincides with the said last mentioned northerly line of land of said Boston & Maine Railroad; and thence running southwesterly on a curve having a radius of 662.89 feet and a chord length of 96.94 feet on a course of S 61° 57' W along the northerly line of land of said Boston & Maine Railroad to the point of beginning, the chord between the two last mentioned points forming an angle of 4° 13' with that portion of the southerly boundary of the land herein conveyed which is herebefore described as measuring 9.6 feet and an angle of 74° 07' with said Main Street. The area of the land herein conveyed is 61,532 square feet. The improvements located thereon are to be removed by me upon thirty days' notice in writing so to do, after title to said land has become vested in the said United States of America. The said land was conveyed to me by my husband, Charles J. Pitman, by warranty deed, dated, acknowledged, and recorded at the Belknap County Registry of Deeds, Book 204, Page 162, on June 20, 1932.

EXHIBIT B

ASSURANCE OF COMPLIANCE

ASSURANCE OF COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 504 OF THE REHABILITATION ACT OF 1973, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, AND THE AGE DISCRIMINATION ACT OF 1975

The Applicant provides this assurance in consideration of and for the purpose of obtaining Federal grants, loans, contracts, property, discounts or other Federal financial assistance from the U.S. Department of Health and Human Services.

THE APPLICANT HEREBY AGREES THAT IT WILL COMPLY WITH:

1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), as amended, and all requirements imposed by or pursuant to the Regulation of the Department of Health and Human Services (45 C.F.R. Part 80), to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance from the Department.
2. Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and all requirements imposed by or pursuant to the Regulation of the Department of Health and Human Services (45 C.F.R. Part 84), to the end that, in accordance with Section 504 of that Act and the Regulation, no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance from the Department.
3. Title IX of the Education Amendments of 1972 (Pub. L. 92-318), as amended, and all requirements imposed by or pursuant to the Regulation of the Department of Health and Human Services (45 C.F.R. Part 86), to the end that, in accordance with Title IX and the Regulation, no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any education program or activity for which the Applicant receives Federal financial assistance from the Department.
4. The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and all requirements imposed by or pursuant to the Regulation of the Department of Health and Human Services (45 C.F.R. Part 91), to the end that, in accordance with the Act and the Regulation, no person in the United States shall, on the basis of age, be denied the benefits of, be excluded from participation in, or be subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance from the Department.

The Applicant agrees that compliance with this assurance constitutes a condition of continued receipt of Federal financial assistance, and that it is binding upon the Applicant, its successors, transferees and assignees for the period during which such assistance is provided. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Applicant by the Department, this assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Applicant for the period during which it retains ownership or possession of the property. The Applicant further recognizes and agrees that the United States shall have the right to seek judicial enforcement of this assurance.

The person whose signature appears below is authorized to sign this assurance and commit the Applicant to the above provisions.

12-21-11
Date

Christine Santanillo
Signature of Authorized Official

Christine Santanillo, Executive Director
Name and Title of Authorized Official (please print or type)

Lakes Region Community Senses Council
Name of Healthcare Facility Receiving/Requesting Funding

17 Communications Drive, PO Box 509
Street Address

Lewiston, NH 03246
City, State, Zip Code

Please mail form to:
U.S. Department of Health & Human Services
Office for Civil Rights
200 Independence Ave., S.W.
Washington, DC 20201



EXHIBIT C

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) X Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) _____ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) X Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c) XCS Purchaser has received copies of all information listed above.

(d) CS Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check (i) or (ii) below):

(i) X received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (Initial)

(f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

<u>Theresa Pitter</u>	<u>01/11/2012</u>	_____	_____
Seller	Date	Seller	Date
<u>[Signature]</u>	<u>1/13/12</u>	_____	_____
Purchaser	Date	Purchaser	Date
_____	_____	_____	_____
Agent	Date	Agent	Date



EXHIBIT D

EXHIBIT D

CERTIFICATE OF COMPLETION OF LEAD ABATEMENT

Property (inclusive of Improvements): _____ (the "Property").

Name and Address of Purchaser

79 North Main Street
LAWRENCE, MA 01840

Mark appropriate boxes with an "X".

Purchaser certifies that lead hazards were abated and that the following statements are true:

1. All lead-based paint hazards were abated from the Property in accordance with 40 CFR 745.227(e) and other applicable laws and regulations prior to the occupancy of any residential Improvements.
2. No more than 12 months elapsed from the date on the Government's risk assessment to the time when onsite preparation activities for the abatement commenced, or the risk assessment was made current by the Purchaser prior to the commencement of such activities, at no cost to the Government.
3. A clearance examination was performed in accordance with 40 CFR 745.227(e) and 24 CFR 35.1340 (c) through (f), by a person certified to perform risk assessments or lead-based paint inspections. The examination reveals that clearance samples meet the standards set forth in 24 CFR 35.1320(b)(2).
4. A true and correct copy of the clearance report, prepared by a person certified to perform risk assessments or lead-based paint inspections and in accordance with 40 CFR 745.227(e)(10), is attached.

Purchaser hereby certifies that the Property will not be occupied as a residence.

Purchaser hereby certifies that pre-1960 housing will not be used as a residence and will be demolished, in accordance with local laws and regulations.

Under penalty of perjury, the Purchaser hereby declares that the foregoing statements are true and correct to the best of his or her knowledge and belief.

By:

Christine Santanilla
(Print Name Christine Santanilla)

2-14-12
Date

LLCS Executive Director

Barbara R. Lether

PERMANENT HISTORIC PRESERVATION EASEMENT

Lakes Region Community Services Council, having its principal place of business and mailing address at P.O. Box 509, Laconia, Belknap, NH 03247 "Grantor," for consideration paid, grants to the **STATE OF NEW HAMPSHIRE, DEPARTMENT OF CULTURAL RESOURCES**, acting through the **DIVISION OF HISTORICAL RESOURCES**, having its place of business and mailing address at 19 Pillsbury Street, Concord, Merrimack County, New Hampshire 03301-3570, "Grantee," with **QUITCLAIM COVENANTS**, in accordance with and pursuant to the provisions of New Hampshire RSA 477:45-47 and RSA 227-M, a **PERMANENT HISTORIC PRESERVATION EASEMENT** in the real property and structure situated thereon, known as the **Laconia Federal Building** and located at **719 North Main Street, Laconia, Belknap County, NH. 02346** and more particularly described on Schedule A, attached and made a part hereof, the "Property," upon the terms and conditions set forth herein.

1. BACKGROUND AND NATURE OF EASEMENT

1.1 Grantor and Grantee desire to guarantee the preservation of the unique historical character and architectural qualities of the Property and to impose "preservation restrictions" on the Property in accordance with RSA 477:46.

1.2 **Laconia Federal Building** was listed in the National Register of Historic Places on October 25, 2011, as required under Section 170(h)(4)(B) of the Internal Revenue Code, the "Code."

1.3 The preservation values of the Property are documented in a completed report and photographs, the "Baseline Documentation," which the Grantor and Grantee agree provide an accurate representation of the Property as of the date of this Easement. Duplicate copies of the Baseline Documentation shall be held by both Grantor and Grantee, although the copy held by the Grantee shall be the controlling copy in the event of a discrepancy between the two copies.

1.4 The Baseline Documentation shall consist of the following: A National Register nomination for the Federal Building, 719 Main Street, Laconia, NH prepared by Shauna J Hass of A.D Marble & Company for U.S. General Services Administration and a set of floor plans and archival interior and exterior photographs taken in December of 2011 that document the interior and exterior of the building at the time of transfer.

1.5 This Easement is given in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and pursuant to Section 170(h) of grant of the Code and New Hampshire RSA 477:45-47, the grantor does hereby voluntarily grant and convey unto the Grantee a preservation and conservation easement in perpetuity over the Property situate in the Town of Laconia and more particularly described in Exhibit A which is attached hereto and recorded herewith.

RECEIVED
3.19.12

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1.6 This Easement specifically grants the Grantee all rights necessary:

1.6.1 To ensure that the archeological, architectural, historical, and cultural features of the Property will be retained and maintained in their current or better condition for preservation purposes, and

1.6.2 To prevent any use or change of the Property that will significantly impair or interfere with the preservation value of the Property.

2. COVENANTS OF GRANTOR

2.1 Affirmative Covenants. Grantor agrees to comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d)), the Americans with Disabilities Act (42 U.S.C. 12204), and with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). These laws prohibit discrimination based on race, religion, national origin, or disability. In implementing public access, Grantor shall make reasonable accommodation to qualified disabled persons in consultation with the Grantee.

2.1.1 Grantor covenants and agrees at all times during the term of this Easement to maintain the Property in the same or better structural condition and state of repair as that existing on the date of this Easement. The obligation to maintain shall require replacement, rebuilding, repair, and/or reconstruction by Grantor whenever necessary, subject to the casualty provisions of Section 4, to preserve the Property in substantially the same structural condition and state of repair as that existing as of the date of this Easement.

2.1.2 Grantor covenants and agrees that all work under this paragraph shall be undertaken in accordance with the The Secretary of the Interior's Standards for Treatment of Historic Properties, 1995, Standards for Rehabilitation, as they may be amended from time to time, the "Secretary's Standards" (36 CFR 68).

2.1.3 Grantor agrees to submit to Grantee, an annual stewardship report for the Laconia Federal Building detailing all physical work, if any, undertaken on the Property on both the exterior and interior of the Building over the course of the previous year, as well as any stewardship development activities and any changes to the stewardship plan for the Property.

2.1.4 Grantor shall make the public-access portions of the Laconia Federal Building reasonably accessible to the public during regular operating hours. Nothing in this agreement will prohibit a reasonable non-discriminatory admission fee, comparable to fees charged at similar facilities in the area.

2.1.5 At other times deemed reasonable by Grantor, the Grantor shall admit persons affiliated with education organizations, professional architectural

associations, and historical societies to study the Laconia Federal Building. Grantee may make photographs, drawings or other representations documenting the significant historical, cultural, and architectural character and features of the Property, and may distribute them to magazines, newsletters, or other publicly available publications, or use them to fulfill its charitable and educational purposes; provided Grantee does not use such materials for sale or profit.

2.2 Negative Covenants

Grantor covenants and agrees that the following acts or uses are expressly forbidden on, over, or under the Property, except as otherwise permitted in this paragraph:

2.2.1 The Building on the Property shall not be demolished, removed, or razed except as provided in Section 4;

2.2.2 No action shall be undertaken that would adversely affect the structural soundness of the Building;

2.2.3 Nothing shall be erected or allowed to grow on the Property that would impair the visibility of the Property from street level;

2.2.4 No dumping of ashes, trash, rubbish, or any other unsightly or offensive materials is permitted on the Property;

2.2.5 No subdivision of the Property shall be permitted, nor shall the Property be conveyed except as a unit;

2.2.6 No above-ground utility transmission lines may be created on the Property, except those reasonably necessary for the existing Building, and those utility easements already on record, if any;

2.2.7 No other buildings or structures, including satellite dishes, shall be erected or placed on the Property, except for security cameras with their locations approved in writing by the grantee and such temporary structures required for the maintenance or rehabilitation of the Property;

2.2.8 No resource asset may be sold, transferred, conveyed, or released from the public trust, as prohibited by NH RSA 227-M:13.

2.3 Conditional Rights

2.3.1 Grantor covenants and agrees that it shall not undertake any of the following actions during the term of this Easement without the prior express written approval of the Grantee, which approval may be withheld or conditioned in the sole discretion of the Grantee:

2.3.1.1 Grantor will not increase or decrease the height of, make additions to, change the exterior construction materials or finishes of, or move, improve, alter, reconstruct, or change the facade, including the fenestration, and roof, of the Building.

2.3.1.2 Grantor will not erect any new external signs or external advertisements not existing as of the date of this Easement, except (i) signs that may be required under the terms of grants that have been made for the preservation of the property, (ii) a sign stating solely the address of the Property, (iii) a temporary sign to advertise a special event or the sale or rental of the Property, and (iv) signs identifying entities that occupy the building. The design and content of all signs placed in conformity with this clause shall be approved in writing by the Grantee.

2.3.1.3 Grantor will not make any permanent substantial topographical changes to the Property.

2.3.1.4 Grantor will not change the existing use of the Property as office space unless the Grantee determines such proposed uses do not impair the preservation values of the Property and do not conflict with the purposes of this Easement.

2.3.2 Grantor's written requests for approval by the Grantee shall include the following:

2.3.2.1 Information, including plans, specifications, and designs, where appropriate, identifying the proposed activity with reasonable specificity;

2.3.2.2 A timetable for the proposed activity sufficient to permit Grantee to monitor such activity.

2.3.3 Grantee shall act upon such written requests within sixty (60) days of receipt of the request. If such request is not denied in writing within such sixty (60) days, the request shall be considered approved and permission shall be deemed granted.

2.3.4 In the event of an emergency, Grantor may take such reasonable and limited actions Grantor deems necessary to protect the preservation values of the Property. However, as soon as reasonably practical thereafter, Grantor shall submit to Grantee information concerning the nature of the emergency and the actions taken by Grantor.

2.3.5 In exercising its authority under this Easement to review any construction, alteration, repair, or maintenance, or to review casualty damage, or

to reconstruct or approve reconstruction of the Building following casualty damage, the Grantee shall apply the Secretary's Standards.

2.3.6 Grantee reserves the right to consult with governmental agencies, nonprofit preservation organizations, and/or other advisors deemed reasonably appropriate by the Grantee, concerning the appropriateness of any activity proposed under this paragraph.

2.3.7 Grantor shall be responsible for and shall pay reasonable costs incurred by Grantee to review requests under this paragraph, which costs may include reasonable architectural fees and Grantee's reasonable administrative expenses in processing Grantor's request.

3. RIGHTS RESERVED BY GRANTOR

3.1 Subject to the overriding obligation imposed by this Easement to preserve the preservation values of the Property, the Grantor retains and reserves the following rights that do not require further approval by the Grantee:

3.1.1 The right to engage in all those acts and uses that:

3.1.1.1 Are permitted by governmental statute or regulation;

3.1.1.2 Do not substantially impair preservation values of the Property; and

3.1.1.3 Are not inconsistent with the purpose of the Easement.

3.1.2 In accordance with the affirmative covenant in 2.1.1 and 2.1.2, the right to maintain and repair the Building on the Property in accordance with the Secretary's Standards is subject to the additional obligation that the Grantor must use for such maintenance and repair of the exterior of the Building on the Property in-kind materials and colors, applied with workmanship comparable to that used in the construction or application of the materials being repaired or maintained for the purpose of retaining in good condition the appearance and construction of the Building on the Property. This right to maintain and repair the exterior of the Building as used in this subparagraph shall not include the right to make changes in appearance, materials, colors, and workmanship from that existing prior to the maintenance and repair without the prior approval of the Grantee in accordance with the provisions of 2.3.1.

3.1.3 The right to continue all manner of existing uses and enjoyment of the Property, including, but not limited to public meetings consistent with the purpose of this easement.

3.1.4 The right to continue to conduct at or on the Property educational and nonprofit activities that are not inconsistent with the preservation values of the Property.

4. **INSURANCE; CASUALTY**

4.1 Grantor shall keep the Property insured at all times against loss from the perils commonly insured under standard fire and extended coverage policies and comprehensive general liability insurance against claims for personal injury, death, and property damage. Such insurance shall include Grantee's interest and shall name Grantee as an additional insured. Within ten (10) business days of receipt of Grantee's written request, Grantor shall deliver to Grantee Certificates of such insurance coverage.

4.2 In the event the Building on the Property or any part thereof shall be damaged or destroyed by fire, flood, windstorm, hurricane, earth movement, or other casualty, Grantor shall notify Grantee in writing within fourteen (14) days of the damage or destruction and such notification shall include information concerning the nature of the emergency and the actions taken by Grantor. As set forth in 2.3, above, Grantor shall undertake no repairs or reconstruction of any type, other than temporary emergency work to prevent further damage to the Building on the Property and to protect public safety, without Grantee's prior written approval. Within thirty (30) days of the date of damage or destruction, if required by Grantee, Grantor at its expense shall submit to the Grantee a written report prepared by a qualified restoration architect and/or an engineer acceptable to Grantor and Grantee, which report shall include an assessment of the nature and extent of the damage, a determination of the feasibility of the restoration of the Building and/or reconstruction of damage or destroyed portions of the buildings, and a report of such restoration/reconstruction work necessary to return the Building and the Property to the condition existing as of the date of this Easement.

4.3 After reviewing the report of the restoration architect or engineer and assessing availability of insurance proceeds after satisfaction of any mortgagee's/lender's claims to those proceeds, Grantor and Grantee will determine either that the purpose of the Easement will be served by such restoration/reconstruction, or that such restoration/reconstruction of the Property is impractical or impossible, or agree that the purpose of the Easement would not be served by such restoration/reconstruction. If the Grantor and Grantee agree that restoration/reconstruction is appropriate, they shall establish a schedule under which Grantor shall complete the restoration/reconstruction of the Building in accordance with plans and specifications approved by the parties up to at least the total of the casualty insurance proceeds available to Grantor. In the event the parties agree that such restorations/reconstruction is not practical or possible, Grantor may, with the prior written consent of the Grantee, alter, demolish, remove, or raze the building and/or construct new improvements on the Property. Under those circumstances, Grantor and Grantee may agree to extinguish this Easement in whole or in part in accordance with the laws of the State of New Hampshire and Section 10, hereof.

4.4 In the event Grantor and Grantee are unable to come to an agreement as to whether or not to restore or reconstruct the Building after casualty, the matter may be referred by either party to binding arbitration and settled in accordance with the New Hampshire Arbitration Statute then in effect. However, either party may request that any arbitration ruling set forth detailed findings of fact and any rulings of law made by the Arbitrator.

4.5 As indicated above, nothing contained in this section shall jeopardize the prior claim, if any, of any mortgagee/lender to the proceeds of any insurance policy.

5. INDEMNIFICATION

5.1 Grantor agrees to protect, indemnify, hold harmless, and defend, at its own cost and expense, the Grantee, its agents, trustees, directors, officers, and employees, or independent contractors, from and against any and all claims, liabilities, expenses, costs, damages, losses, and expenditures, including reasonable attorneys' fees and disbursements hereafter incurred, arising out of or in connection with injury to or death of any person in or on the Property, physical damage to the Property, or the presence or release in, on, or about the Property at any time of any substance now or hereafter defined, listed, or otherwise classified pursuant to any law, ordinance, or regulation as a hazardous, toxic, polluting, or contaminating substance, or against any other injury or other damage occurring on or about the Property unless such injury or damage is caused by Grantee or an agent, trustee, director, officer, employee, or independent contractor of Grantee. In the event Grantor is required to indemnify Grantee in accordance with this section, the amount of such indemnity, until discharged, shall constitute a lien on the Property and shall have the same priority as a mechanic's lien. Nothing contained in this section shall jeopardize the priority of any lien on the Property given by Grantor to secure a Promissory Note or Promissory Notes.

6. TAXES

6.1 Grantor shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer service charges, and other charges that may become a lien on the Property unless the Grantor timely objects to the amount or validity of the assessment or charge and diligently prosecutes an appeal thereof, in which case the obligation to pay such charges may be suspended for the period permitted by law for prosecuting such appeal and any applicable grace period following completion of such action, if any, if such suspension of payment is lawfully permitted. Grantee is not responsible for making any payment relating to taxes, assessments, water rates, sewer rentals and other governmental or municipality charge, fine, imposition, or lien asserted against the Property. Grantee may, however, assist Grantor with such payments upon separate written agreement and approval by Governor and the Executive Council. Such payment, if made by Grantee, shall constitute a lien on the Property with the same priority as a mechanic's lien, except that such lien shall not jeopardize the priority of any recorded lien given by Grantor to secure any Promissory Note or Notes.

7. NOTICE; INSPECTION, REMEDIES

7.1 Notices from Grantor or Grantee to each other shall be in writing and shall be delivered to the Grantor P.O. Box 509, Laconia, NH 03247, and to the Grantee at 19 Pillsbury Street, Concord, NH 03301-3570. Such notices either shall be delivered in hand or shall be sent by overnight courier, postage prepaid, by facsimile transmission, or by registered or certified mail with return receipt requested. The party receiving notice shall have 14 days to respond from receiving the notice before any action is undertaken by the sending party. Each party may change its address set forth herein by a notice to that effect to the other party.

7.2 Grantor shall deliver to Grantee copies of any notices of violations or liens relating to the Property received by the Grantor from any governmental authority within five (5) days from receipt by Grantor. Upon request of the Grantee, the Grantor shall promptly furnish Grantee with evidence of Grantor's compliance with such notice or lien where compliance is required by law.

7.3 Grantor shall promptly notify Grantee in writing of any proposed sale of the Property and shall provide the opportunity to the Grantee to explain the terms of this Easement to any potential new owner prior to the closing on such sale.

7.4 Upon request of the Grantor the Grantee shall promptly furnish Grantor with certification that, to the best of Grantee's knowledge, Grantor is in compliance with the obligations of Grantor contained in this Easement or that otherwise certifies the status of this Easement to the extent of Grantee's knowledge thereof.

7.5 With appropriate and prior notice to Grantor, representatives of Grantee shall be permitted at all reasonable times to inspect the Property, including the interior of the building.

7.6 Grantee, following reasonable notice to the Grantor, may institute a suit to enjoin any violation of the terms of this Easement and may seek *ex parte*, temporary, preliminary, and/or permanent injunctive relief, which relief may also include prohibitory and/or mandatory injunctive relief, and may further require the restoration of the Property and the Building to the condition and appearance that existed prior to the violation complained of. Grantee shall also have available all legal and other equitable remedies to enforce Grantor's obligations under this Easement. In the event Grantor is found to have violated any of its obligations under this Easement, Grantor shall reimburse Grantee for any costs or expenses incurred in connection with the enforcement of the terms of this Easement, including, but not necessarily limited to, all reasonable Court costs and attorneys, architectural, engineering, and expert witness fees. Grantee's exercise of one remedy hereunder shall not have the effect of waiving or limiting its right to any other remedy and the failure to exercise any remedy shall not have the effect of waiving or limiting the use of that remedy or any other remedy or the use of such remedy at any other time. Grantee shall have a lien upon the Property for any costs or expenses incurred under this Section. Any such lien may be confirmed by a judgment and

executed upon in the same manner as a mechanic's lien, except that no lien created pursuant to this Section shall jeopardize the priority of any recorded lien of a mortgage or deed of trust given in connection with a promissory note that is secured by the Property.

8. EFFECTIVE DATE; ASSIGNMENT

8.1 Grantee shall promptly record this instrument in the Belknap County Registry of Deeds once it has been fully executed. The Grantor and the Grantee intend that the restrictions arising under this Easement shall take effect on the day and the year this instrument is recorded.

8.2 Without further action, this Easement will be in effect in perpetuity.

8.3 The obligations imposed by this Easement shall be effective for the entire term of this Easement and shall be deemed to run as a binding servitude with and upon the Property. This Easement shall extend to and be binding upon Grantor and Grantee, their respective successors and interests and all persons or entities hereafter claiming under or through Grantor and Grantee, and the words Grantor and Grantee shall include such successors and interest. The restrictions, stipulations, and covenants contained in this Easement shall be inserted by Grantor, verbatim or by express reference, in any subsequent deed or other legal instrument by which Grantor may divest itself of either the fee simple title to or any lesser estate in the Property or any part thereof, including by way of example and not by limitation, a lease of all or a portion of the Property. In the event of a bonafide transfer of the Property, the obligations set forth in this Easement shall bind the new owner of the Property and the prior owner shall have no further obligation pursuant to this Easement.

9. CONDEMNATION

9.1 If all of any part of the Property is taken by eminent domain, or otherwise acquired by a condemning authority by a purchase in lieu of a taking, Grantor and Grantee shall join in appropriate proceedings at the time of such taking or purchase in lieu of such taking to recover the full value of those interests in the Property that are subject to the taking together with all incidental and direct damages resulting from the taking.

10. EXTINGUISHMENT

10.1 Grantor and Grantee hereby recognize that circumstances may arise that may make impossible the continued ownership or use of the Property in a manner consistent with the purpose of this Easement and necessitate extinguishment of the Easement. Such circumstances may include, but are not necessarily limited to, partial or total destruction of the Building on the Property resulting from casualty or by eminent domain. No such extinguishment or termination of this Easement shall be effective until an instrument to that effect is recorded in the Belknap County Registry of Deeds.

11. INTERPRETATION

The following provisions shall govern the effectiveness, interpretation, and duration of the Easement.

11.1 Any rule of strict construction designed to limit the breadth of restrictions on alienation or use of Property shall not apply in the construction or interpretation of this Easement, and this instrument shall be interpreted broadly to effect its Purpose and the transfer of rights and the restrictions on use herein contained.

11.2 This instrument may be executed in two counterparts, one of which may be retained by Grantor and the other, after recording, to be retained by Grantee. In the event of any disparity between the counterparts produced, the recorded counterpart shall in all cases govern.

11.3 This instrument is made pursuant to RSA 477:46, RSA 227-M:5,VI, and RSA 227-M:8,III(b) and (c), but the invalidity of such laws or any part thereof shall not affect the validity and enforceability of this Easement according to its terms, it being the intent of the parties to agree and to bind themselves, their successors, and their assigns for the term of this easement to each provision of this instrument whether this instrument be enforceable by reason of any statute, common law, or private agreement in existence either now or hereafter. The invalidity or unenforceability of any provision of this instrument shall not affect the validity or enforceability of any other provision of this instrument or any ancillary or supplementary agreement relating to the subject matter thereof.

11.4 Nothing contained herein shall be interpreted to authorize or permit Grantor to violate any ordinance or regulation relating to building materials, construction methods, or use. In the event of any conflict between any such ordinance or regulation and the terms hereof, Grantor promptly shall notify Grantee of such conflict and shall cooperate with Grantee and the applicable governmental entity to accommodate the purposes of both this Easement and such ordinance or regulation.

11.5 To the extent that Grantor owns or is entitled to development rights which may exist now or at some time hereafter by reason of the fact that under any applicable zoning or similar ordinance the Property may be developed to a more intensive use (in terms of height, bulk, or other objective criteria related by such ordinances) than to which the Property is devoted as of the date hereof, such development rights shall not be exercisable on, above, or below the Property during the term of the Easement, nor shall they be transferred to any adjacent parcel and exercised in a manner that would interfere with the Purpose of the Easement.

11.6 To the extent that any action taken by Grantee pursuant to this Easement gives rise to a claim of breach of contract, Grantor and Grantee agree that the sole remedy on the part of Grantor shall be reimbursement of actual direct out-of-pocket

expenses reasonably incurred by Grantor as a result of such breach and that Grantor shall not have any right to indirect, consequential or monetary damages in excess of such actual direct out-of-pocket expenses.

12. AMENDMENT

12.1 If circumstances arise under which an amendment to or modification of this Easement would be appropriate, Grantor and Grantee may by mutual written agreement jointly amend this Easement, provided that no amendment shall be made that will adversely affect the qualification of this Easement or the status of Grantee under any applicable laws, including Sections 170(h) and 501(c)(3) of the Code and the laws of the State of New Hampshire. Any such amendment shall be consistent with the protection of preservation values of the Property and the purpose of this Easement; shall not affect its duration; shall not permit additional development on the Property other than the development permitted by this Easement on its effective date; shall not permit any private inurement to any person or entity; and shall not adversely impact the overall architectural and historical values protected by this Easement. Any such amendment shall be recorded in the Grafton County Registry of Deeds. Nothing in this paragraph shall require Grantor or Grantee to agree to any amendment or to consult or negotiate regarding any amendment.

13. SOVERIGN IMMUNITY

13.1 Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This reservation of immunity covenant shall survive the termination of this Stewardship Agreement.

THIS EASEMENT is subject to the terms and conditions of the Quitclaim Deed dated February 15th, 2012, between the United States of America and Grantor.

THIS EASEMENT and attached exhibits reflect the entire agreement of Grantor and Grantee. Any prior or simultaneous correspondence, understandings, agreements, and representations are null and void upon execution hereof, unless set out in this instrument.

TO HAVE AND TO HOLD, the said Term Historic Preservation Easement, unto the said Grantee and its successors and permitted assigns.

*Deed date stated incorrectly
Should read Feb 8, 2012.*

IN WITNESS THEREOF, Grantor and Grantee have set their hands under seal on the days and year set forth below.

WITNESS:

[Handwritten Signature]

[Handwritten Signature]

GRANTOR:

Lakes Region Community Services Council

By: [Handwritten Signature]

Name: Christine Santaniello
Christine Santaniello, Executive Director

By: [Handwritten Signature]

Name: Randy Perkins
Christine Santaniello, Executive Director
Randy Perkins, Board President

STATE OF NEW HAMPSHIRE
COUNTY OF Belknap

The foregoing instrument was acknowledged before me this 15th day of February, 2012 by Christine Santaniello and Randy Perkins, the duly authorized Designee and Designee, on behalf thereof.

[Handwritten Signature]
Justice of the Peace/Notary Public
My Commission Expires: _____

ACCEPTANCE OF EASEMENT

GRANTEE: REBECCA L. BRYANT, Justice of the Peace
My Commission Expires April 1, 2014
NEW HAMPSHIRE DIVISION OF HISTORICAL RESOURCES

By: [Handwritten Signature]

Name: Elizabeth H. Muzzey
Its Director

By: [Handwritten Signature]

Name: Richard A. Boisvert
Its Deputy Director

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

The foregoing instrument was acknowledged before me this 9th day of February, 2012, by Elizabeth H. Muzzey and Richard Boisvert, the duly authorized director and deputy director, respectively, of the New Hampshire Division of Historical Resources, on behalf thereof.

Cassandra Mason

Justice of the Peace/Notary Public

My Commission Expires: May 2, 2012

Approved as to Form and Execution

Rosemary Wiant
Signature

2-27-12
Date

Rosemary Wiant
Name
New Hampshire Department of Justice

Assistant Attorney General
Title

SCHEDULE A

Property Description

Address:

719 Main Street
Laconia, NH 03246

Coordinates:

Latitude (North): 43.530000-43 degrees 31' 48.0"

Longitude (West): 71.471500-71 degrees 28' 17.4"

Universal Transverse Mercator: Zone 19

UTM X (Meters): 300283.2

UTM Y (Meters): 4822425.0

Elevation: 513 ft above sea level

The property, comprised of 1.4 acres, is identified on the City of Laconia Tax Maps as parcel 424/142/78. The property is a developed parcel near the center of the City of Laconia and approximately 800 feet east of the Winnepesaukee River. Its southern limit borders a former spur of the B&M Railroad, and current WOW rail trail. The property runs north-northwest 291.54', from Main Street and the WOW rail trail along Main Street from the southeast corner, to a pin where the property runs 247.59' northeast. At this point the property runs 214.25' south-southeast to a pin where the property runs south-southwest 247.48' along the border of the WOW rail trail to Main Street. The immediate vicinity of the site has both residential and business uses. Property to the north and northwest is residential. Property to the south and east is business.

APPENDIX 2

OFFER TO PURCHASE

The undersigned, [GRANTEE], hereafter called the “Purchaser”, hereby offers to purchase from the UNITED STATES OF AMERICA, acting by and through the General Services Administration, Property Disposal Division, Region One, 10 Causeway Street, Boston, Massachusetts 02222, hereafter called the “Government”, on the terms and subject to the conditions set forth, a parcel of real property, including improvements thereon, located on [ADDRESS] , more particularly described in Exhibit A (Legal Description) attached hereto and incorporated herein of this Offer to Purchase, hereinafter referred to as (the “Property”).

The Purchaser shall pay the Government for said Property the purchase price of [INSERT PURCHASE PRICE] (the “Purchase Price”) of which an earnest money deposit in the sum of [INSERT DEPOSIT AMOUNT] (representing ten percent (10%) of the Purchase Price (“Deposit”) in the form of a certified or cashier’s check made payable to the U.S. General Services Administration, upon the acceptance of this Offer is tendered herewith (the “Deposit”). The Deposit shall be applied to the Purchase Price, the balance of which shall be payable as of the date of closing as set forth herein.

This offer and the acceptance hereof, shall constitute an agreement between the Purchaser and the Government, effective as of the date of acceptance (the “Offer”). The Offer shall constitute the whole contract to be succeeded only by the formal instruments of transfer, unless modified in writing and signed by both parties. No oral statements or representations made by, or for, or on behalf of either party shall be a part of such contract. Nor shall the contract or any

interest therein, be transferred or assigned by the Purchaser without the consent of the Government, and any assignment transaction without such consent shall be void.

TERMS AND CONDITIONS

- 1. DELIVERY OF INSTRUMENTS OF CONVEYANCE.** Upon acceptance of the Offer, the Government shall prepare and deliver to the Purchaser a draft of the deed without warranties by which the Property shall be conveyed. Upon favorable review of the draft deed by the Purchaser, the Government shall execute the deed and deliver it to the Purchaser. The Purchaser shall tender final payment at that time.
- 2. CONTINUING OFFER.** This Offer shall be deemed a firm and continuing Offer from the date of receipt until accepted or rejected by the Government; provided, however, that after 90 days have elapsed from the date of receipt, the Purchaser not having received notice of rejection may consider its Offer rejected, and if the Government desires to accept the Offer after such 90 days, the consent of the Purchaser thereto shall be obtained.
- 3. EXPLANATORY STATEMENT.** An explanatory statement shall be prepared and transmitted to the appropriate Congressional Committees prior to the Government's acceptance of this offer. The explanatory statement will provide a comprehensive review of the negotiations, the Property, and terms of the transaction in accordance with 40 USC 545(b)(8).
- 4. NOTICE OF ACCEPTANCE OR REJECTION.** Notice by the Government of acceptance or rejection of the Offer shall be deemed to have been sufficiently given when delivered or mailed to the Purchaser or its duly authorized representative at the address indicated in the Offer.

5. **DEED WITHOUT WARRANTIES.** A deed without warranties in conformity with local law and practice will effectuate conveyance of the Property.

6. **REVOCATION OF OFFER AND DEFAULT.** In the event of revocation of the Offer prior to acceptance, or in the event of any default by the Purchase in the performance of the contract created by such acceptance, the deposit, together with any payments subsequently made on account, may be forfeited at the option of the Government, in which event the purchaser shall be relieved of further liability or, without forfeiting the said deposit, the Government may avail itself of any legal or equitable rights which it may have under the Offer or contract.

7. **INSPECTION.** By execution of this Offer, the Purchaser certifies that it has conducted an appropriate inspection of the Property. Failure of the Purchaser to inspect or to be fully informed as to the condition of all or any portion of the Property shall not constitute grounds for any claim or demand for adjustment or withdrawal of the Offer. The Purchaser shall be deemed to have relied solely on its own judgment in assessing the overall condition of all or any portion of the Property.

8. **CONDITION OF PROPERTY.** The Property is offered “as is” and “where is” without representation, warranty, or guarantee as to quality, quantity, character, condition, size, or kind, or that the same is in condition or fit to be used for any purpose for which it is intended and no claim for any allowance or deduction upon such grounds will be considered.

9. **POSSESSION.** Possession of the Property will be granted upon conveyance.

10. TITLE EVIDENCE. Any title evidence which may be desired by the Purchaser will be procured at its sole cost and expense. The Government will, however, cooperate with the Purchaser or its authorized agent in this connection and will permit examination and inspection of any documents relating to the title of the Property involved as it may have available. It is understood that the Government will not be obligated to pay for any expense incurred in connection with title matters or survey of the Property.

11. LIABILITY. If this Offer to Purchase is accepted and (a) the Government fails for any reason to perform its obligations as set forth herein, or (b) title to the Property does not transfer and vest in the Purchaser for reasons outside the Purchaser's control, the Government shall promptly refund to the Purchaser all amounts paid by Purchaser, without interest, whereupon the Government shall have no further liability to the Purchaser.

12. LIABILITY FOR TAXES. Upon conveyance of the Property the Purchaser shall assume responsibility for all general and special real and personal property taxes which may have been or may be assessed on the Property, and sums paid, or due to be paid by the Government in lieu of taxes pursuant to statutory authority shall be prorated. The Government does not know of any past due taxes or past due payments in lieu of taxes which are owed by the Government for the Property.

13. TAXES AND RECORDING. The Purchaser shall pay all taxes imposed on this transaction and shall obtain at its own expense and affix to all instruments of conveyance and security documents such revenue and documentary stamps as may be required by Federal and local law. All instruments of conveyance shall be placed on record in the manner prescribed by

local recording statutes at the Purchaser's expense. A recorded copy of the deed shall be supplied by the Purchaser to the Government.

14. COVENANT AGAINST CONTINGENT FEES. The Purchaser warrants that it has not employed or retained any person or agency to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to terminate the contract without liability or in its discretion to recover from the Purchaser the amount of such commission, percentage, brokerage or contingent fee in addition to the consideration herein set forth. This warranty shall not apply to commission's payable by the Purchaser upon the contract secured or made through bona fide established commercial agencies maintained by the Purchaser for the purpose of doing business. "Bona fide established commercial agencies" has been construed to include licensed real estate brokers engaged in the business generally.

15. ZONING. Verification of the present zoning and determination of permitted uses hereunder, along with compliance of the Property for present or proposed future use, shall be the responsibility of the Purchaser and the Government makes no representation in regard thereto. The Government does not guarantee that any zoning information is necessarily accurate or will remain unchanged. Any inaccuracies or changes in the zoning information shall not be cause for adjustment or rescission of any contract resulting from the Government's acceptance of the Offer.

16. NON-DISCRIMINATION. The Purchaser covenants for itself, its successors and assigns and every successor in interest to the Property hereby conveyed, or any part thereof, that

the said Purchaser and such successors and assigns shall not discriminate upon the basis of race, color, sex, religion, or national origin in the use, occupancy, sale, or lease of the Property, or in their employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit; nor shall it apply with respect to religion to premises used primarily for religious purposes. The United States of America shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property hereby conveyed and shall have the sole right to enforce this covenant in any court of competent jurisdiction.

17. PROPERTY TO BE SOLD SUBJECT TO EASEMENTS. The Property will be sold subject to any and all existing reservations, easements, restrictions, and rights, recorded and unrecorded for private and public roads, highways, streets, pipelines, railroads, utilities, waterlines, sewer mains and lines, drainage, power lines, and other rights-of-way.

17. EXCESS PROFITS COVENANT FOR NEGOTIATED SALES TO PUBLIC BODIES. This covenant shall run with the land for a period of three years from the dates of execution of each deed. With respect to the Property, if at any time within a three (3) year period from the date of the transfer or title by the Government, the Purchaser, or its successors or assigns, shall sell the Property, it is covenanted and agreed that all proceeds received in excess of Purchaser's or a subsequent seller's actual allowable costs (as defined in 41 CFR 102-75.895(b)) will be remitted to the Government. In order to verify compliance with the terms and conditions of this covenant, the Purchaser, or its successors or assigns, shall submit an annual report for each of the subsequent three (3) years to the Government on the anniversary date of each deed. Each report will identify: the property involved in the transaction; the sale price of any property

resold: the subsequent purchaser: and the proposed land use. If no resale has been made, the report shall so state. The Government may monitor the property involved and inspect records related thereto to ensure compliance with the terms and conditions of this covenant and may take any actions which it deems reasonable and prudent to recover any excess profits realized through the resale of the Property.

18. NOTICE & COVENANT REGARDING HAZARDOUS SUBSTANCE ACTIVITY.

Notice Regarding Hazardous Substance Activity. Pursuant to 40 CFR 373.2 and Section 120(h)(3)(A)(i) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA) (42 U.S.C. 9620 (h)(3)(A)(i)), and based upon a complete search of agency files, the Government gives notice that no hazardous substances have been released or disposed of or stored for one year or more on the Property.

CERCLA Covenant. The Government warrants that all remedial action necessary to protect human health and the environment has been taken before the date of this conveyance.

Government warrants that it shall take any additional response action found to be necessary after the date of this conveyance regarding hazardous substances located on the Property on the date of this conveyance.

- a. This covenant shall not apply: (a) in any case in which Purchaser, its successors or assigns, or any successor in interest to the Property or part thereof is a Potentially Responsible Party (PRP) with respect to the Property immediately prior to the date of this conveyance; or (b) to the extent but only to the extent that such additional response action

or part thereof found to be necessary is the result of an act or failure to act of the Purchaser, its successors or assigns, or any party in possession after the date of this conveyance that either: (i) results in a release or threatened release of a hazardous substance that was not located on the Property on the date of this conveyance; or (ii) causes or exacerbates the release or threatened release of a hazardous substance the existence and location of which was known and identified to the applicable regulatory authority as of the date of this conveyance.

- b. In the event Purchaser, its successors or assigns, seeks to have the Government conduct or pay for any additional response action, and as a condition precedent to the Government incurring any additional cleanup obligation or related expenses, the Purchaser, its successors or assigns, shall provide the Government at least 45 days written notice of such a claim and provide credible evidence that: (a) the associated contamination existed prior to the date of this conveyance; and (b) the need to conduct any additional response action or part thereof was not the result of any act or failure to act by the Purchaser, its successors or assigns, or any party in possession.

Reservation of Right Access. The Government reserves a right of access to all portions of the Property for environmental investigation, remediation or other corrective action. This reservation includes the right of access to and use of available utilities at reasonable cost to the Government. These rights shall be exercisable in any case in which a remedial action, response action or corrective action is found to be necessary after the date of this conveyance, or in which access is necessary to carry out a remedial action, response action, or corrective action on adjoining property. Pursuant to this reservation, the Government, and its respective officers,

agents, employees, contractors and subcontractors shall have the right (upon reasonable advance written notice to the record title owner) to enter upon the Property and conduct investigations and surveys, to include, drilling, test-pitting, borings, data and records compilation and other activities related to environmental investigation, and to carry out remedial or removal actions as required or necessary, including but not limited to the installation and operation of monitoring wells, pumping wells, and treatment facilities. Any such entry, including such activities, responses or remedial actions, shall be coordinated with record title owner and shall be performed in a manner that minimizes interruption with activities of authorized occupants.

19. COVENANT AND INDEMNIFICATION REGARDING THE PRESENCE OF LEAD BASED PAINT. The Grantee hereby acknowledges the required disclosure in accordance with the Residential Lead-Based Paint Hazard Reduction Act of 1992, 42 U.S.C. 4852d (Title X), of the presence of any known lead-based paint and/or lead-based paint hazards in target housing constructed prior to 1978 on the Property. The Property contains no improvements defined by Title X as target housing. However, in the event that any improvement on the Property are converted to residential use, the Grantee covenants and agrees that in its use and occupancy of such Property it will comply with 24 CFR 35 and 40 CFR 745 and all applicable Federal, State and local laws relating to lead-based paint; and that United States assumes no liability for damages for Property damage, personal injury illness, disability, or death, to Grantee, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use disposition, or other activity causing or leading to contact of any kind whatsoever with lead-based paint on the

Property described in this deed, whether Grantee, and its successors or assigns, have properly warned or failed properly to warn the individual(s) injured.

The Grantee further covenants and agrees that it will comply with all Federal, state, local, and any other applicable law regarding the lead-based paint hazards with respect to the Property.

20. ASBESTOS. The Grantee, by acceptance of this Deed, acknowledges that it has been informed by Grantor that the Property contains asbestos-containing materials, and that Grantee has been provided with the following notice and warning by Grantor. Grantee, by acceptance of this deed, acknowledges that it accepts the transfer and Deed of the Property subject to the terms and conditions contained herein:

- a) The Grantee is warned that the Property contains asbestos-containing materials. Asbestos is a hazardous material. Unprotected exposure to asbestos fibers has been determined to significantly increase the risk of cancer, mesothelioma, and asbestosis. These diseases can cause serious bodily harm resulting in disability or death.
- b) The Grantee is deemed to have relied solely on its own judgment in assessing the overall condition of all or any portion of the Property, including any asbestos hazards or concerns.
- c) No warranties, either express or implied, are given with regard to the condition of the Property including, without limitation, whether the Property does or does not contain asbestos or is or is not safe for a particular purpose. The failure of Grantee to have inspected or to be fully informed as to the condition of all or any portion of the Property shall not constitute grounds for any claim or demand against Grantor.
- d) The description of the Property as set forth herein in Exhibit A and any other information provided to the Grantee with respect to the Property was based on the best information

available to the General Services Administration's Property Disposal Division and is believed to be correct, but any error or omission shall not constitute grounds or reason for any claim by Grantee against Grantor, including, without limitation, any claim for allowance, refund or deduction from the purchase price for such Property.

- e) Grantor assumes no liability for damages for personal injury, illness, disability or death to Grantee or to Grantee's employees, invitees, or any other person subject to Grantee's control or direction, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property.
- f) Grantee further agrees by acceptance of the Deed to the Property that, in its use and occupancy of the Property, it will comply with all Federal, State, and local laws, ordinances, orders and regulations relating to asbestos.

21. RESCISSION. The Government may rescind its acceptance of the Offer prior to the Closing Date, if it is reasonably determines that such action is justified for such causes such as a military conflict, a national emergency, or evidence of material misrepresentation or other wrongful conduct by the Purchaser. Any rescission will be without liability on the part of the Government other than to return the earnest money deposit without interest. The right to rescind the acceptance of Purchaser's offer shall expire on the Closing Date.

22. OFFICIALS NOT TO BENEFIT. No member of or delegate to the Congress or resident commissioner shall be admitted to any share or part of this Offer or to any benefit that may arise from it, but this provision shall not be construed to extend to this Offer if made with a

corporation for its general benefit.

SIGNATURES ON FOLLOWING PAGE

SAMPLE

ACCEPTANCE

ACCEPTED THIS _____ DAY OF _____, [DATE].

UNITED STATES OF AMERICA
Acting by and through the
U.S. General Services Administration

BY: _____
John E. Kelly, Director
Real Property Utilization & Disposal
U.S. General Services Administration

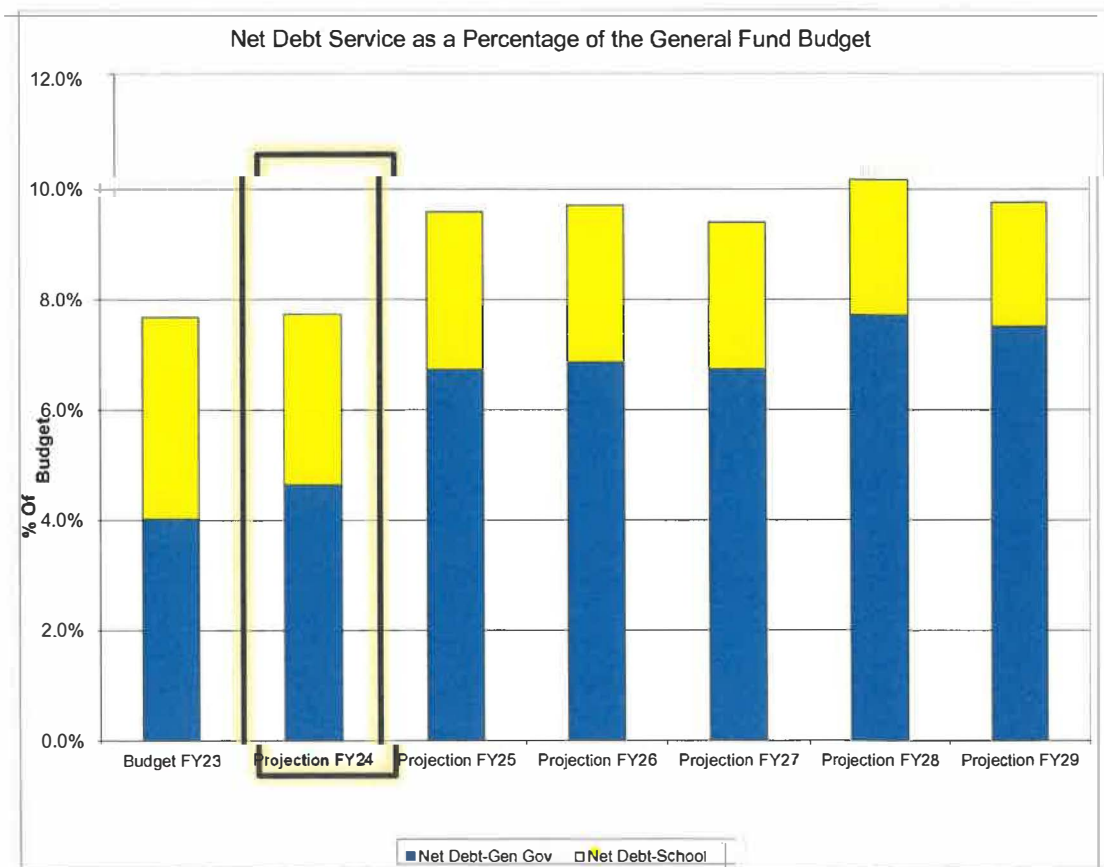
SAMPLE

CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	Budget FY23	Projection FY24	Projection FY25	Projection FY26	Projection FY27	Projection FY28	Projection FY29
Total Gen Fund Without Debt Service	118,795,090	124,223,169	129,192,096	134,359,780	139,734,171	145,323,538	151,136,479
Increase FY 24 and beyond:							
4.00%							
Existing Debt Service-School	6,296,155	4,443,106	4,305,506	4,092,606	3,902,581	3,778,931	3,588,256
Existing Debt Service-Gen Gov	6,919,904	6,467,328	5,527,927	4,962,528	3,848,278	2,946,653	1,973,928
Projected Debt Service-School	310,000	537,250	588,625	938,375	1,014,000	987,125	960,250
Projected Debt Service-Gen Gov	103,762	1,612,522	5,755,220	6,920,976	8,199,758	11,234,852	12,005,196
Total Gross Debt Service	13,629,821	13,060,206	16,177,278	16,914,485	16,964,617	18,947,561	18,527,630
Debt Service Related Revenues-Schools	(1,757,196)	(740,974)	(740,974)	(740,974)	(740,974)	(740,974)	(740,974)
Debt Service Related Revenues-Gen Gov	(1,700,000)	(1,700,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,282,386)
Net Debt-School	4,848,959	4,239,382	4,153,157	4,290,007	4,175,607	4,025,082	3,807,532
Net Debt-Gen Gov	5,323,666	6,379,850	9,783,147	10,383,504	10,548,036	12,681,505	12,746,738
Total Net Debt	10,172,625	10,619,232	13,936,304	14,673,511	14,723,643	16,706,587	16,554,270
Total Projected General Fund Budget	132,424,911	137,283,375	145,369,374	151,274,265	156,698,788	164,271,099	169,664,109
Percentage Net Debt-School of Budget	3.66%	3.09%	2.86%	2.84%	2.66%	2.45%	2.24%
Percentage Net Debt-Gen Gov of Budget	4.02%	4.65%	6.73%	6.86%	6.73%	7.72%	7.51%
	Budget FY23	Projection FY24	Projection FY25	Projection FY26	Projection FY27	Projection FY28	Projection FY29
Total Percentage Net Debt Service of Budget:	7.68%	7.74%	9.59%	9.70%	9.40%	10.17%	9.76%



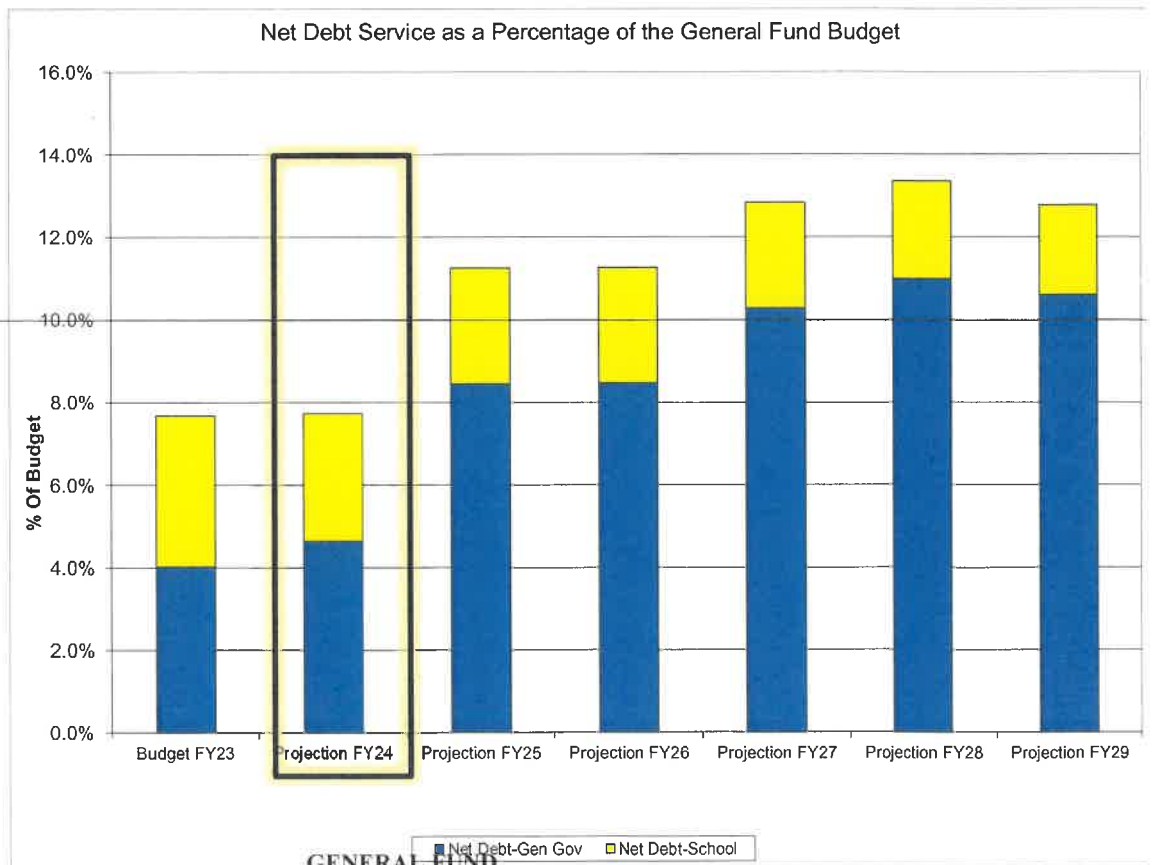
CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL

Purchase and Upgrade of McIntyre Federal Building For City Use (\$25,000,000 Purchase \$36,000,000 Upgrades Total \$61,000,000)

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	Budget FY23	Projection FY24	Projection FY25	Projection FY26	Projection FY27	Projection FY28	Projection FY29
Total Gen Fund Without Debt Service	118,795,090	124,223,169	129,192,096	134,359,780	139,734,171	145,323,538	151,136,479
Increase FY 24 and beyond:							
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Existing Debt Service-Gen Gov	6,919,904	6,467,328	5,527,927	4,962,528	3,848,278	2,946,653	1,973,928
Projected Debt Service-School	310,000	537,250	588,625	938,375	1,014,000	987,125	960,250
Projected Debt Service-Gen Gov	103,762	1,612,522	8,475,220	9,572,976	14,383,758	17,260,852	17,873,196
Total Gross Debt Service	13,629,821	13,060,206	18,897,278	19,566,485	23,148,617	24,973,561	24,395,630
Debt Service Related Revenues-Schools	(1,757,196)	(740,974)	(740,974)	(740,974)	(740,974)	(740,974)	(740,974)
Debt Service Related Revenues-Gen Gov	(1,700,000)	(1,700,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,232,386)
Net Debt-School	4,848,959	4,239,382	4,153,157	4,290,007	4,175,607	4,025,082	3,807,532
Net Debt-Gen Gov	5,323,666	6,379,850	12,503,147	13,035,504	16,732,036	18,707,505	18,614,738
Total Net Debt	10,172,625	10,619,232	16,656,304	17,325,511	20,907,643	22,732,587	22,422,270
Total Projected General Fund Budget	132,424,911	137,283,375	148,089,374	153,926,265	162,882,788	170,297,099	175,532,109
Percentage Net Debt-School of Budget	3.66%	3.09%	2.80%	2.79%	2.56%	2.36%	2.17%
Percentage Net Debt-Gen Gov of Budget	4.02%	4.65%	8.44%	8.47%	10.27%	10.99%	10.60%
	Budget FY23	Projection FY24	Projection FY25	Projection FY26	Projection FY27	Projection FY28	Projection FY29
Total Percentage Net Debt Service of Budget:	7.68%	7.74%	11.25%	11.26%	12.84%	13.35%	12.77%



APPENDIX 6

BAN	25,000,000	24,000,000	23,000,000	22,000,000	21,000,000	20,000,000
Interest Rate	Annual Interest	Annual Interest	Annual Interest	Annual Interest	Annual Interest	Annual Interest
3.0%	\$750,000	\$720,000	\$690,000	\$660,000	\$630,000	\$600,000
3.1%	\$775,000	\$744,000	\$713,000	\$682,000	\$651,000	\$620,000
3.2%	\$800,000	\$768,000	\$736,000	\$704,000	\$672,000	\$640,000
3.3%	\$825,000	\$792,000	\$759,000	\$726,000	\$693,000	\$660,000
3.4%	\$850,000	\$816,000	\$782,000	\$748,000	\$714,000	\$680,000
3.5%	\$875,000	\$840,000	\$805,000	\$770,000	\$735,000	\$700,000
3.6%	\$900,000	\$864,000	\$828,000	\$792,000	\$756,000	\$720,000
3.7%	\$925,000	\$888,000	\$851,000	\$814,000	\$777,000	\$740,000
3.8%	\$950,000	\$912,000	\$874,000	\$836,000	\$798,000	\$760,000
3.9%	\$975,000	\$936,000	\$897,000	\$858,000	\$819,000	\$780,000
4.0%	\$1,000,000	\$960,000	\$920,000	\$880,000	\$840,000	\$800,000