



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

• (617) 498-9020

LAW DEPARTMENT

RUSSELL B. HIGLEY
CITY SOLICITOR

EDWARD A. CUNNINGHAM
ANDREW T. TRODDEN
MICHAEL C. COSTELLO
ROBERT F. SYDNEY
LEGAL COUNSEL

CHARLES A. WATSON
LEGISLATIVE AGENT

December 17, 1979

Mr. James L. Sullivan
City Manager
City Hall
Cambridge, MA

Dear Mr. Sullivan:

I wish to inform you of the current status of the Exeter House Nursing Home on Prentiss Street and the Chester Manor Nursing Home on Chester Street.

These two nursing homes control five parcels of real estate in Cambridge. At the time the owner of these nursing homes filed a petition for an arrangement under Chapter XI of the Bankruptcy Act on September 8, 1978, the City of Cambridge had a petition pending before the Land Court to foreclose the debtor's right of redemption under a tax title the City of Cambridge holds on the property at 6 Prentiss Street (Exeter House). This foreclosure action was stayed by the order of the Bankruptcy Court.

On September 29, 1978 the Court, at the request of a group of unsecured creditors, appointed Paul Markham, Esq., as receiver. Mr. Markham was granted extensive powers to operate the business involved.

Early in November of 1979 an attorney representing the mortgagee of one of the properties contacted David O'Connor, Esq., the Custodian of Foreclosed Properties to inquire about the amount of the taxes due. He mentioned to Mr. O'Connor that he thought that Mr. Markham was contemplating "abandonment" of the nursing homes in Cambridge. The term "abandonment", as used in Bankruptcy Law does not involve the literal abandonment of the property. It merely involves the bankruptcy estate releasing its interest in the property to the secured creditors and other parties at interest.

December 17, 1979

I instructed David O'Connor to monitor the situation, and keep me advised of any changes in the situation. He has been in touch with Christopher Robinson, Esq., counsel to Mr. Markham and with Edmund Hurley, Esq., counsel to James Fay, a mortgagee.

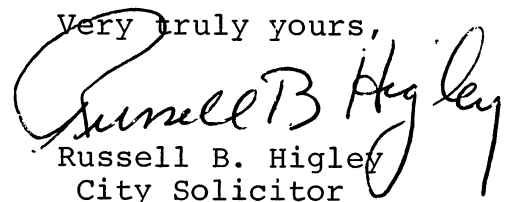
It appears that Mr. Markham has no intention to abandon the properties at the present time. His present intention is to ask the Bankruptcy Court for permission to attempt to sell the nursing homes as going concerns; the sale being restricted to qualified bidders.

It is likely that the requirements for consideration as a qualified bidder would involve 1) the ability to be licensed as a health care provider; 2) adequate available financing; and 3) sufficient capital to pay the taxes and to operate the business for three months without income.

If it is impossible to find a qualified bidder, the receiver will then consider the orderly closing of the businesses with full cooperation with the Massachusetts Department of Public Health and the eventual sale of the real estate.

A hearing is scheduled for Wednesday, December 19, 1979 before Judge Lawless in the Bankruptcy Court. I have instructed Mr. O'Connor to attend this hearing and report back to me as to the outcome of the hearing. I expect that the hearing will involve a request by Mr. Markham for authority to dispose of the properties in the manner I described above.

Very truly yours,


Russell B. Higley
City Solicitor

RBH:jl



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Tel. 498-9011

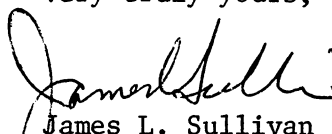
EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

December 17, 1979

To the Honorable, the City Council:

With respect to Awaiting Report Item No. 21 relative to the Chester Manor Nursing Home and the Exeter House Nursing Home, enclosed please find copy of a report from Russell B. Higley, City Solicitor.

Very truly yours,


James L. Sullivan
City Manager

JLS/mbf
Enc.

11 S-664

Response to Awaiting Report No. 21 re: Chester Manor Nursing Home and the Exeter House Nursing Home.

In City Council,
December 17, 1979

12/17/79
Placed on File -
See Order Adopted
Introduced by L. Vallini