



Federal Distillers Inc.

15 MONSIGNOR O'BRIEN HIGHWAY, CAMBRIDGE, MASSACHUSETTS 02141

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April 19, 1989

Cambridge Planning Board
57 Inman Street
Cambridge, Mass. 02139

Dear Members of the Board:

I am writing this letter because there is a story to be told and also I am in complete support of the project planned for the site of my former company, Federal Distillers, Incorporated of Cambridge.

For the past 30 years I sincerely appreciated the City of Cambridge's interest in my company and I believe the Federal Distillers story is worth telling. I especially want to express my sincere gratitude and thanks to the current developers of the property, namely Rich McKinnon and Dean Stratouley, for without them all the employees would have suffered a complete disaster by losing almost all of our pension money.

We the employees purchased the company by converting the one million dollars of our pension money into an Employee Stock Ownership Plan called ESOP. Due to the tougher drunk driving laws in Massachusetts, MADD, SADD and other organizations for the last five years people decreased their drinking of hard liquor considerably and by turning to Light Beer, Wine Coolers and Mineral Water, decreased Federal Distillers sales by 35%. A curse was upon us.

In 1987 we faced bankruptcy and foreclosure and when I tried to sell the brands and distributor rights there was not even enough money to pay back the Bank let alone the loss of all of our pension money. As Chairman of the Board and President it was a terrible nightmare knowing I was fully responsible for the recovery or loss of our pension money.

Congress Group Ventures were like Angels sent from Heaven and saved us in two ways. First, they paid cash for the property even though there was a zoning moratorium in place, and second, they asked for no contingencies because they knew we needed all the money in October 1987 to prevent bankruptcy and foreclosure. The proceeds allowed us to pay our bills and stop the disaster.

Far more important, it allowed us to sell our business on September 9, 1988 from a position of strength giving us a much better value for our brands and assets. As a result, the 135 employees got 1.) another year of salary, 2.) had the time to relocate to other jobs, many in the same industry, and 3.) all regained 100% of their investment in the company plus interest.



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I commend the Congress Group for the one year lease period to Federal. After their purchase they did not raise our rent one penny even though it meant a monthly loss to them which I understand exceeded \$100,000.00 (One Hundred Thousand) per month.

Even though we sold to White Rock Distillers of Lewiston, Maine on September 8, 1988, it was necessary for us to stay in the building to conclude our affairs, such as collecting our Receivables to pay off the banks and other creditors as we had no income. I explained to Rich McKinnon and Dean Stratouley how I hoped to pay back the pension money and they allowed us to stay in the building from October 1988 to February 1989 rent free.

I commend Rich and Dean and hold them in the highest esteem because they understood my problem all through the difficult times even though it was at a great expense to them.

They recently explained the proposed development to me and once again they have proven to me that not only were they a credit to Federal Distillers employees but also they will make the City of Cambridge proud of their endeavors by showing they care and any community would be proud of them.

I wrote this letter because they deserve to be commended and I hope and pray that the Planning Board will read this letter aloud when they review this project.

Please remember that they did not have to treat Federal Distillers the way they did, they just did, and the City of Cambridge, I believe, will become a major beneficiary of their warmth and kindness.

Sincerely yours,

FEDERAL DISTILLERS, INCORPORATED

Alfred J. Balerna
Chairman of the Board

AJB/ej

S-368

Comm. from Alfred J. Balerna, Chairman of the Board, Federal Distillers, Inc., transmitting a copy of his letter to the Planning Board, expressing his support for the project planned for the site of his firm's former location & commending developers Rich McKinnon & Dean Stratouley of the Congress Group.

Joseph Conaton
City Clerk
795 Massachusetts Avenue
Cambridge, MA 02139

In City Council,

May 15, 1989

5-15-89

Placed on file.