

Montpelier Loan Fund Committee Meeting Minutes
Tuesday June 12 2018
5:00 P.M.-6:00 PM
Montpelier City Hall Managers Conference Room

In attendance:

Kevin Casey (Staff)
Claude Stone (Committee Member)
Steven Klein (Committee Member)
Paul Kervick , President of Living Well Group
Dee DeLuca , Founding Member of Living Well Group
Nancy Butryman, Heaton Woods Administrator

Kevin Casey called the meeting to Order at 5:00 PM

Members Kim Phalen and JoAnn Corski Gibbons resigned from Committee prior to meeting due to relocation and conflict respectively.

Beth Boutin could not make the meeting due to a conflict with work.

Accordingly there was no Quorum so the Loan Fund Committee cannot take a formal action. However staff noted that it will take minutes and make the member comments available for review.

1. Approve agenda

No Action Taken: Committee Members Stone and Klein did not raise any objections to the agenda

2. Opportunity for Public Comment

No Members of the Public Present

3. Request from Awakening Sanctuary dba Living Well operators of Heaton Woods to renegotiate the terms of their loan.

Kevin Casey presented a summary of the request of the Living Well Group to restructure their loan into one of two ways (see attached memo for more details):

1. Convert the Loan to a Grant and forgive the remaining balance due
2. Defer the Loan to a Long Term deferred Loan with 0% Interest

Paul Kervick of the Living Well Group outlined the general reasons for the request:

- i. CNA that was prepared for the Montpelier Housing Authority prior to the sale was incomplete and incorrect , there were significant capital needs that were required after the closing including replacing boilers and hot water system, repaving of the parking lot,
- ii. 39 of the 40 beds are serving LMI residents
- iii. Plan to add 12 new beds have not materialized as per the original plan due to these unforeseen costs, approaching \$2 million. This has prevented the organization from creating the “neighborhoods: that were envisioned in the original loan application in 2015-2016
- iv. Their request mirrors the condition of the loan to MHA, prior to the sale, 20 year interest deferred.
- v. Mr. Kervick noted that when the MHA ran the facility they were operating in the red and no payments were made or even feasible

Dee DeLuca from Living Well noted that the reorganization of the loan was a requirement of the Vermont Community Loan Fund Committee Conditions

Committee Member Klein noted his opposition to two aspects of the request. First, he was uncomfortable converting to a grant especially in light of a future condition whereby LWG might be in a position to sell to a for-profit entity and this would remove the conditions for serving LMI individuals. Member Klein also noted that according to the Profit and Loss provided the organization is doing well but without 5 year projections and a pro-forma it would be difficult to make a recommendation to convert to grant Member Klein noted that he was more comfortable extending the loan out to the maximum 25 year period under the following suggested conditions:

- ❖ Deferred Principal and Interest for the first 5 years
- ❖ Interest only payments for years 6-10
- ❖ Last 13 years of the Loan (2018-2033) the Living Well Group pays the amortized principal and interest at 3.5%-4.0%
- ❖ In the event the property is sold the loan converts to its original condition of 5% over the remaining life of the loan or the new owner will have to come to the Committee or Council and ask for changes at that time
- ❖ This structure would protect the City Loan Fund and intent of the original loan

Committee Member Stone agreed with Member Klein and reiterated that he felt that he was pleased with the work that Living Well Group was doing and that he still fees that this is the correct us of the loan funds. However, he is also not comfortable converting to a grant. He feels that it is the purview of the City Council to make the final decision but that in the interests of protecting the Loan Fund which is the charge he is entrusted with. He did agreed that he supports the need to assist Living Well Group and was in concurrence with the possible option proposed by member Klein. Member Stone said he would not be opposed to the Council converting some of the Loan to a grant , but not all, and that the remaining balance should be secured with a lien as evidenced by a mortgage on the remaining amount , and which will accrue interest as per the guidelines.

Both Members Stone and Klein agreed that subordination of the City's position was appropriate and they did not have an issues with this as standard operating procedure. Members Klein and Stone suggested that staff work with Paul Hill of the Community Loan Fund to find a middle ground whereby the City does not forgo its interest altogether.

Staff will work with VCLF an prepare a memo in advance of the City Council meeting on the 27th of June.

4. Discuss the Reorganization of the Revolving Loan Funds to make the funds more functional.

No Discussion of the Reorganization of the Loan Fund by the Committee

5. Other Business

No other items of business raised by the Committee

6. Adjourn at 6:00 PM