



Living Well Group

1200 North Avenue
Burlington, VT 05408
802.453.2627
livingwellgroup.org

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Kevin Casey, Community Development Specialist
City of Montpelier
39 Main Street
Montpelier, VT 05602

Hi Kevin,

Following up on our recent telephone conversation, our Living Well Group organization requests that the City of Montpelier agree to certain modifications to the \$600,000 Note and mortgage held by the City in connection with our purchase of the Heaton Woods facility in 2016.

The changes to the loan documents are being requested as a result of the much needed, and long past due, renovation, maintenance and upgrade projects at Heaton Woods. We are close to finishing the over \$2,000,000 construction project undertaken with financing from Northfield Savings Bank and a loan guarantee from USDA [they agreed to the loan guarantee provided we paid off their prior loan to Capital City Housing Foundation (CCHF) at our closing], as well as a substantial loan from Commons Energy (\$1,100,000+).

The need for this significant undertaking was based on the capital needs assessment performed by or on behalf of CCHF prior to our purchase of Heaton Woods, many deferred maintenance projects that pre-existed our ownership, and necessary upgrades to bring the facility into compliance with building and safety codes. Certain of the items were known to us, many were unexpected. Despite performing due diligence on the facility prior to purchasing, it turned out that information provided was incomplete or, in some cases, inaccurate. As a result, we have spent approximately \$250,000 in additional, necessary work that should have been performed by the former owners. We are committed to a quality, sustainable, safe and healthy facility for our residents, and the work we have done at Heaton Woods has been performed by qualified professionals.

When Commons Energy agreed to provide us interim financing for the energy efficiency portion of the renovations, they anticipated securing permanent financing after the renovations were complete. The original permanent financing source contemplated by Commons Energy was not able to participate so Commons Energy reached out to Vermont Community Loan Fund (VCLF) to partner with a participation loan. Living Well Group has secured financing from VCLF for our other properties.

In a participation loan, as I understand it, one lender originates, underwrites and services the full loan amount but another lender buys back a portion of the total loan amount. Commons Energy