



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

January 28, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
February 3, 1977
at the offices of Vermont Housing Finance Agency
135 Church St., Burlington
Second Floor
2:30 p.m.

1. Approval of minutes of December 9, 1976 Commission Meeting and Conference Call of January 25, 1977.
2. Discussion of current projects to be included in multifamily bond issue.
3. Discussion, authorization and approval of various documents relating to the sale of the 1977 Series A Multifamily Mortgage Bonds.
4. Discussion of bids received for Trusteeship of Multifamily Bond Issue.
5. Review of pending Legislation affecting the V.H.F.A.
6. Discussion of HUD/FmHA cooperative demonstration program (Don Dickson).
7. Any additional business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE DECEMBER 9, 1976 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Myette, Director Hunt, Commissioners Hackel, King, Farmer, Shaw & Bruley; Staff Ms. Thielen; Mr. Nick Marro of the Times Argus and Rutland Herald.

The meeting was called to order at 2:45 p.m. Upon motion of Commissioner King and seconded by Commissioner Farmer, the minutes of the October 29, 1976 Commission Meeting were unanimously accepted.

The Board discussed at length the taxable bond option being considered by the Agency for the Multifamily Bond Issue and ultimately appointed a subcommittee comprised of Commissioners Shaw, Hackel and King to investigate the pros and cons of utilizing the option. They will report their findings at the next Board meeting.

Director Hunt distributed status sheets on the multifamily projects under consideration for financing by VHFA and gave a detailed explanation of each. After extensive discussion on the Windsor Project a motion was made by Commissioner Shaw and seconded by Commissioner Bruley to make clear that the Board takes a dim view of the idea of retaining an existing cell at the Windsor Prison. The motion passed unanimously. After detailed explanations by Director Hunt of the status of both the Rutland and Randolph projects, Commissioner King made a motion, seconded by Commissioner Shaw, to give preference to the Rutland multifamily project over Randolph due to the uncertainty of the Randolph project. It was the consensus of the Board that the Bellows Falls, St. Albans, Woodstock, Windsor (Phase I) and Rutland projects should be further developed for the upcoming bond issue. Upon motion of Commissioner Farmer and seconded by Commissioner Hackel, it was unanimously agreed by the Board to authorize the staff to proceed with the projects and to go to the bond market as soon as possible.

A motion to approve the employee contract for the VHFA Executive Director and to make it effective January 1, 1977, with one year renewals, was made by Commissioner Farmer, seconded by Commissioner Hackel and passed unanimously by the Board.

A weekly disability insurance plan was presented to the Board and tabled until the staff acquires, from the State Personnel Office, their policies on sick leave and supplemental insurance. This is to be presented at the next Board meeting.

Upon motion of Commissioner Shaw, seconded by Commissioner King and unanimous vote of the Board, the Rules and Regulations for the Multifamily Program were adopted.

It was again noted by the Chairman that Henry Hyatt of the Technical Assistance Corporation for Housing met with the VHFA multifamily staff for three days of intensive consultation during October. A copy of TAC's resulting comments and suggestions was given to each Board member. The report will be discussed at the next Board meeting.

Chairman Myette explained the status of the search for a controller to join the VHFA staff and it was decided that it would be left to the administration to make the final choice, with approval of the Board.

The VHFA budget report for the 5 months ended November 30, 1976 was reviewed and approved by the Board.

It was agreed that the next Commission Meeting would be held on December 29, 1976 at 1:30 p.m.

Upon motion of Commissioner Farmer and seconded by Commissioner Shaw, the meeting was adjourned at 4:55 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE JANUARY 25, 1977 COMMISSION MEETING
OF
THE VERMONT HOUSING FINANCE AGENCY
(CONFERENCE CALL)

PRESENT: Chairman Myette, Allan Hunt, Omer Bruley, Harriet King and Marilyn Alexander

A special meeting of the Commissioners of the Vermont Housing Finance Agency was called to order by Chairman Myette at 4:25 p.m.

Executive Director Hunt explained the present status of the multifamily bond issue and the projects involved. He said that since both the Rutland and Randolph projects would be unable to participate at this time and that since the market studies by Peabody Construction and the HUD area office showed a sufficient market, he recommended that the Agency increase the number of units at the Windsor Prison Project from 42 to 59. After some discussion, a motion was made by Ms. King and seconded by Ms. Alexander that we make a commitment to Peabody Construction to increase the number of elderly units from 42 to 59 for this bond issue. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at approximately 4:40 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

February 8, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
February 8, 1977
at the offices of Vermont Housing Finance Agency
135 Church St., Burlington
Second Floor
4:00 p.m.

1. Approval of minutes of February 3, 1977 meeting.
2. Adoption of Vermont Housing Finance Agency Series Resolution Authorizing the Issuance and Sale of \$4,360,000 Multi-Family Mortgage Bonds, 1977 Series A.
3. Approval of Villa & Hirst as Agency Counsel. (Multi-Family)
4. Any other business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE FEBRUARY 3, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Myette, Executive Director Hunt, Commissioners Shaw, King, Alexander, Bruley, Kreizel; Andy Gurley of First Boston, Bob Fippinger of Hawkins, Delafield & Wood, Charles Zeiss of E. F. Hutton; staff, Thielen, Dickson, and Frazier.

The meeting was called to order at 2:41 p.m. The minutes of the January 25th and January 31st conference calls are to be incorporated into the Minutes of the December 9, 1976 Commission Meeting. Upon motion of Commissioners Alexander and seconded by Commissioner King, the minutes of the December 9, 1976 Commission Meeting and the January 25th and 31st, 1977 conference calls were unanimously accepted.

The first item of discussion was the current projects to be included in the multifamily bond issue. Don Dickson explained that the Bellows Falls project was asking for an additional \$121,000 to cover unforeseen expenses and additional amenities. The proposed increase would be covered by the reduction in the debt service factor and would not financially jeopardize the project in any way. Commissioner King made the motion to issue a revised Letter of Intent to Berkshire Builders to grant them a \$121,000 increase in their mortgage. The motion was seconded by Commissioner Shaw and was passed unanimously.

Executive Director Hunt stated that VHFA has received Earnest Money Deposits from Windsor, Woodstock and Bellows Falls and that, after some revisions of the documents, he expected to receive the Earnest Money from St. Albans by February 8, 1977. He stated that it appeared all of the projects are in order and that the Randolph project could be a back-up project if any unforeseen problems arose with one of the original four projects. He said that the total issue is to be for \$4,360,000.

As the next order of business, nominations were requested for Vice Chairman of VHFA to fill the vacancy left by James Guest. Commissioner Alexander nominated Commissioner Shaw and was seconded by Commissioner Bruley. There were no other nominations. Commissioner Shaw was unanimously appointed as Vice Chairman. Chairman Myette ordered that waivers of notice be sent to those Board members not present.

There was a motion by Vice Chairman Shaw and seconded by Commissioner Alexander to reappoint Allan Hunt as Treasurer and Secretary of VHFA. The motion passed unanimously.

Andy Gurley next discussed the reasons why the financing had been delayed for this long; he explained that we have verbal agreement from Continental Insurance, Fidelity Fund, Shearson, Hayden, Stone Fund and E. F. Hutton Fund to purchase the bonds at 6-1/2%. The underwriters spread will be \$17.00 per \$1,000. This sale compares with Illinois financing at 6-5/8% last week. There are still some loose ends to tie up before it will be final, next week. We are expected to have the closing by March 1st. By having a private placement, we probably save 1/8% on the spread, \$15,000 in printing costs, etc.

Mr. Fippinger explained that the Multi-Family Mortgage Bond Resolution is ready to adopt except for selection of the Trustee, which is blank on pg. 40.

The Executive Director then discussed and passed out letters from the Howard Bank and the Farmer's Trust Company with bids for the Trusteeship, and recommended the Howard Bank because their fee was the lowest bid and because our past experience with them has been favorable. Commissioner Alexander moved to approve the Howard Bank, Commissioner King seconded, and the motion was adopted unanimously.

Chairman Myette stated it was advisable that a Resolution be adopted creating and establishing an issue of bonds of the VHFA, providing for the issuance from time to time of said bonds, providing for the payment of principal and interest of said bonds, and providing for the rights of the holders hereof.

The Resolution entitled "Multi-Family Mortgage Bond Resolution" was introduced by Ms. King, seconded by Mr. Shaw and was adopted unanimously.

Mr. Fippinger next discussed the Series Resolution page by page. Revisions are to be made in issue date and maturity date; Howard Bank and Bank of New York named as paying agents. The total amount of bonds issued will be approximately \$4,360,000. This amount will be determined specifically by the Board next week.

Regarding the Series Resolution entitled "Series Resolution Authorizing the Issuance and Sale of \$5,000,000 Multi-Family Mortgage Bonds, 1977 Series A", Mr. Shaw moved that the Series Resolution, although reviewed in detail and approved in concept, be tabled pending determination of final principal amount. Mr. Bruley seconded the motion, and the motion carried.

The Board next discussed the Contract of Purchase. Andy Gurley noted that it will be revised to reflect the fact that it will be a private placement rather than public offering. Other minor revisions were also discussed. The Contract of Purchase will be authorized when the Series Resolution is adopted.

Executive Director Hunt and Mr. Dickson explained the pending legislation affecting VHFA. The first was a housekeeping bill to amend 10 V.S.A. The changes in Section 1 are meant to clarify the Loans to Sponsors Program. Section 2 moves the \$74 million ceiling from Section 2 to 4 in order to separate moral obligation issues from issues which don't require the obligation. Section 3 increases the bond life from 40 to 42 years so that mortgages can be written for

40 years. Section 4 sets a new bonding limit of \$94,000,000. Section 5 would clarify the issue of using taxable bonds. Commissioner Alexander made the motion, seconded by Commissioner Bruley, that the staff proceed through the Administration to process the bill, taking the necessary steps and circulate it to the Board. The motion passed with one abstention by Commissioner Kreizel.

The Board members next discussed the bill introduced by Mrs. Kunin involving the VHFA. Part 1 sets up a program by which VHFA could provide an interest break to those purchasing homes deemed to be energy efficient. Part 2 would allow VHFA to provide, through conventional lending institutions, home improvement loans. After considerable discussion, Commissioner King made the motion to support the bill in concept, and directed the staff to review it for mechanical problems and to establish basic goals. Commissioner Shaw seconded the motion and the Board voted to accept with Commissioner Kreizel abstaining.

The third bill discussed was an amendment introduced by Senator Gibb which calls for increasing VHFA bonding authority by \$5 million to provide farm mortgages. It was noted that the Senator had not discussed this bill with the VHFA. Commissioner King made the motion and Commissioner Alexander seconded, that Executive Director Hunt be authorized to endorse the amendment to promote financing for farms but also to point out that the Agency doesn't presently have the staff to handle the new program and that the bonding shouldn't impact our present bonding ceiling. With one abstention by Commissioner Kreizel, the Board voted to accept the motion.

Mr. Dickson explained the HUD/FmHA cooperative demonstration program and the Board encouraged the staff to proceed with their applications.

The Board reviewed the end-of-the-year budget report submitted by Mr. Frazier, VHFA's new Controller.

Vice Chairman Shaw made the motion, seconded by Commissioner Bruley, that the checking account signatory be revised so that: all checks up to \$500 are to be signed by any two of the three persons authorized to sign; all checks over \$500 are to bear the signature of the Chairman and one of the two others authorized to sign; the authority to endorse checks is to be changed from Jain Detora to W. Scott Frazier.

Upon motion of Commissioner Alexander and seconded by Commissioner King, the meeting was adjourned at 5:35 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

April 29, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
May 4, 1977
at the offices of Vermont Housing Finance Agency
135 Church St., Burlington
Second Floor
3:00 p.m.

1. Approval of minutes of February 8, 1977 Commission Meeting.
2. Discussion and status of Agency activities since February 8th meeting.
3. Overview of current financial picture including possible repayment of loan to State.
4. Discussion of staffing requirements for new programs.
5. Discussion of request from developer on Randolph project to increase number of units and amount of mortgage loan.
6. Discussion of physical improvements to second floor office.
7. Review of delegation of authority for check signing, Collateral Assignments, and miscellaneous documents.
8. Any other old or new business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE FEBRUARY 8, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Myette, Vice Chairman Shaw, Commissioners Alexander, Hebard, Kreizel, King, Bruley; John Simson, Department of Community Affairs, Robert Sherman of the Times Argus; Executive Director Hunt and Ms. Thielen.

The meeting was called to order at 4:15 p.m. Commissioner Shaw made the motion to approve the minutes of the February 3, 1977 Commission Meeting subject to the Director making the appropriate chronological changes on page 2. Commissioner Alexander seconded the motion and it was passed unanimously.

Director Hunt explained that adoption by the Board of the "Vermont Housing Finance Agency Series Resolution Authorizing the Issuance and Sale of \$4,360,000 Multi-Family Mortgage Bonds, 1977 Series A" also meant: authorizing the sale of the bonds; authorizing the Chairman, Vice-Chairman or Executive Director to enter into the Contract of Purchase; and authorizing the form of the Official Statement, allowing for some minor technical changes. It was explained that the Contract of Purchase could not be entered into until ratings are received from Standard and Poor's and Moody's and that, if the rates established are other than A-1 and A+, the Contract of Purchase might have to be renegotiated.

Since the Board had reviewed the Series Resolution at the February 3rd meeting, Director Hunt explained the minor changes which had occurred since that time, and noted that additional minor changes might have to be made prior to signing the Contract of Purchase. A motion was made by Commissioner King, seconded by Commissioner Shaw, to approve the Series Resolution, subject to minor changes approved by the Chairman or Executive Director.

A motion to table the foregoing Resolution was introduced by Commissioner Shaw, until formal approval is given to Villa & Hirst to serve as Agency Legal Counsel on the Multi-Family Housing Program. The motion was seconded by Commissioner Alexander and approved unanimously.

A motion was made by Commissioner Alexander and seconded by Commissioner Bruley to approve the firm of Villa & Hirst as Agency Counsel for the Multi-Family Issue, 1977 Series A. The motion passed unanimously.

The motion to move the Series Resolution motion off the table was made by Commissioner Shaw, seconded by Commissioner Alexander and approved unanimously. The vote to approve the Series Resolution passed unanimously.

Executive Director Hunt next initiated discussion regarding the need to discuss changes in the VHMGB legislation. Commissioner Shaw pointed out that two of the three members of the VHMGB Board were present at the meeting and he felt discussion regarding the VHMGB was appropriate. Chairman Myette asked Commissioners Hebard and Kreizel if they would consider raising the VHMGB ceiling to conform with that of the VHFA mortgage limits. The present VHMGB ceiling is \$35,000 and the VHFA ceiling is \$38,000. Commissioners Hebard and Kreizel agreed that the ceiling should be raised to conform with VHFA and that it should be accomplished by an amendment which could be incorporated in the "Housekeeping Bill" currently being drafted.

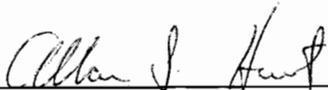
Chairman Myette also mentioned that the shuttling of papers for signatures from the VHFA office to Montpelier and back to VHFA was very cumbersome and slowed the approval process by as much as 5 days. He asked that the VHMGB Board consider giving the Administering Agent, i.e. the VHFA Executive Director, authority to approve a portion of the low risk applications. The VHMGB Board members agreed to consider such an arrangement.

The Board agreed that Ms. Thielen could visit each of them some time in the next week with a proof of the Annual Report for their comments and approval.

A motion was made by Commissioner Alexander, seconded by Commissioner Shaw, to express formally the appreciation of the Board to the Executive Director and staff for their many long hours of hard work in putting together the multi-family issue. The motion passed unanimously.

Upon motion of Commissioner Alexander, seconded by Commissioner Shaw and unanimous approval of the Board, the meeting was adjourned at 5:07 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE MAY 4, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Bruley, Hebard, Myette; John Simson, Department of Development & Community Affairs; Executive Director Hunt, Controller Frazier and Ms. Detora.

The meeting was called to order at 3:18 p.m. Vice Chairman Shaw made the motion to approve the minutes of the February 8, 1977 Commission Meeting. Commissioner Hebard seconded the motion and it was passed unanimously.

Director Hunt briefed the Board on Agency activities since the February 8th meeting. The Agency successfully sold \$4,360,000 in 40 year multifamily bonds at a net interest cost of 6½%. Of the projects to be financed, Woodstock and Bellows Falls are under construction, St. Albans is expected to start on May 15, with Windsor working on final plans. Mr. Hunt indicated that the projects were pretty close to being on schedule.

Director Hunt next discussed the two bills approved by the legislature. S-137 raised VHFA bond limit to \$84,000,000, increased maximum length of bond issued to 42 years, allowed VHMGB to guarantee loans up to \$38,000 (from \$35,000) and clarified language on buying multifamily mortgages from banks. Hunt also mentioned that \$5,000,000 ceiling on multifamily bonds had been removed.

H.166, also approved and signed by the Governor, will enable Agency to make home improvement loans. Hunt indicated that the main thrust for this money would be for energy efficiency improvements, with other repairs secondary. Commissioner Shaw indicated he felt it would require extensive effort to sell this program to the banks.

Director Hunt discussed letter from Howard Bank indicating their interest in underwriting future small Agency bond issues in order to minimize cost and keep the funds in Vermont. Chairman Field indicated the possibility of private placement bonds with banks and/or insurance companies in Vermont.

Discussion then moved to availability of Section 8 funds for Vermont. John Simson, Commissioner of Housing, Bill Kearns of the Vermont State Housing Authority and Director Hunt talked with HUD and it was estimated that Vermont might receive as many as 500 units if so called "fast track" processing is used with VHFA financing.

Next Controller Frazier discussed the current financial picture of the Agency. He suggested that we are solvent enough by June to repay 1/2 of our debt to the State plus accrued interest. A motion was made by Vice Chairman Shaw to pay the proposed amount of \$18,977. The motion was seconded by Commissioner Myette and unanimously accepted.

Next Mr. Frazier discussed the higher than anticipated rate of loan payoffs from the 1975 Single Family Mortgage Purchase Program. The Agency has an excess of \$350,000 that will need to be reinvested in June. Rather than putting it into a sinking fund, Director Hunt suggested trying a program with the banks originating 235 loans. Banks are not presently making them due to the Federal interest ceiling of 8%. The loans would be for new construction or rehab. Director Hunt felt it was a good investment for VHFA due to 100% insurance. Speed would be essential; perhaps a 6 month program.

Mr. Myette made the motion that Mr. Hunt investigate various ways of investing the \$350,000 surplus, including investing in 235 mortgages. The motion was seconded by Vice Chairman Shaw and unanimously accepted.

Mr. Hunt next discussed staffing. He expressed the need to hire an additional employee on a temporary basis to assist Jain Detora and Scott Frazier with their work. He indicated this was necessary due to a high level of activity in the current programs, as well as the anticipated workload due to the new programs. Mr. Field made the motion that the Executive Director be authorized to hire a temporary employee based on 40 hours a week at \$3.50 an hour, subject to review on September 1. The motion was seconded by Commissioner Myette and unanimously approved.

Director Hunt next recommended pay increases for three employees: Jain Detora, Adam Bortz and Scott Frazier, explaining that all were deserving due to a vastly increased work load and proficiency in their work. Mr. Shaw made the motion to accept the Director's recommendation for salary increases. The motion was seconded by Mr. Bruley and unanimously approved.

Next Mr. Hunt requested that Don Dickson be appointed Deputy Director due to Mr. Dickson's valuable contributions in all phases of Agency work. While the Board concurred with Mr. Dickson's capabilities, they directed Executive Director Hunt to find out what effect such an appointment would have on the Office on Aging grant.

Next a discussion ensued concerning physical improvements to the second floor office. Air conditioning is greatly needed this summer on the second floor. BEAM, the non-profit landlord, is unable at this time to finance the needed airconditioning. They are willing to make an arrangement with the rent to allow VHFA to be reimbursed. 2 or 3 units are needed at a cost of \$1,300. If the VHFA pays for them now, a new lease could be written reflecting that the Agency would not pay the last several months of rent at the end of a lease period in order to get their capital return. It was suggested by the Board that Mr. Hunt negotiate for the best return and allow Mr. Field to review any change in the lease.

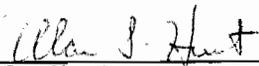
Next there was a review of necessary delegation of authority for check signing, collateral release forms and miscellaneous documents. Mr. Hunt asked that Mr. Frazier in his capacity as controller be authorized to sign all of the aforementioned. Mr. Field made a motion that authority be delegated to Mr. Frazier for signing checks, collateral release forms and all official documents on behalf of the Agency. The motion was seconded by Commissioner Bruley and unanimously accepted by the Board.

Mr. Hunt next asked the Board if they thought the Agency should pay a portion of the disability insurance that the staff is already paying for on its own. Mr. Simpson and Chairman Field suggested that we research the system used by the State for insurance and perhaps parallel our system with that of the State.

Next Director Hunt asked that the Board concur with the VSHA that the first 100 units of Section 8 to be received by the State be "set-aside" for the following communities: Castleton, 42 units; Bradford, 8 units; Middlebury, 40 units; and Poultney, 14 units. Motion was made by Mr. Field, seconded by Commissioner Shaw and approved unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:28 p.m. upon motion made by Commissioner Shaw, seconded by Commissioner Myette and unanimously accepted.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

May 24, 1977

NOTICE OF BOARD OF COMMISSIONERS MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet on Thursday, June 2, 1977, at 9:30 a.m. to discuss developer proposals, Section 8 Program, with the Board of Commissioners of the Vermont State Housing Authority. The meeting will be held at the Pavilion Office building, 2nd floor Conference Room and will be chaired by John Simson, Commissioner of Housing & Community Affairs.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

~~XXXXXXXXXXXX~~
Chairman

June 17, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
June 23, 1977
at the offices of Vermont Housing Finance Agency
135 Church St., Burlington
Second Floor
2:30 p.m.

1. Approval of minutes of June 2, 1977 Commission Meeting.
2. Introduction of new staff.
3. Continuation of discussion regarding Castleton Project.
4. Discussion of other multifamily proposals.
5. Any other old or new business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

~~Chairman~~
Chairman

MINUTES OF THE JUNE 2, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Simson, Ledbetter, Hebard, Bruley and Myette; Executive Director Hunt, Don Dickson and Ronne Thielen.

The meeting was called to order at 11:30 a.m. following the special joint meeting held with the Commissioners of the Vermont State Housing Authority. The purpose of that meeting was to review proposed housing projects submitted by Berkshire Builders and the Low Pritchard Foundation for projects in Castleton and Bradford, respectively.

In light of that meeting, Chairman Field, after extensive discussion concerning the locational aspects of the Castleton Project, made a motion to direct the staff to proceed with the processing of this project, particularly in evaluating the cost and the development team, and providing recommendations to the Board at the next meeting. Commissioner Simson seconded the motion and it was adopted unanimously.

Next Executive Director Hunt outlined the projected costs supplied by Haskins & Sells for the upcoming audit. After reviewing the agency's books for a day, Haskins & Sells estimated the audit would cost between \$10,000 and \$13,000 due to the three new bond funds. Billing would be done on a per hour basis. While Executive Director Hunt felt this figure was high in comparison with the Maine Housing experience (\$8,300), he recommended the Agency retain Haskins & Sells to maintain consistency and so that the audit can be completed in a timely manner. Vice Chairman Shaw moved to hire Haskins & Sells to perform the audit. Commissioner Myette seconded the motion and it was approved unanimously.

Don Dickson reviewed with the Board the need for a programmable calculator in order to do complex cash flow calculations for the multifamily projects, as well as simplifying many calculations the Controller must do. The approximate cost of the machine is \$750. Vice Chairman Shaw made to motion authorizing the purchase of the calculator, Commissioner Myette seconded and the motion was approved unanimously.

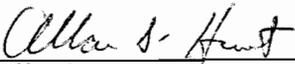
Executive Director Hunt told the Board that the contract with the Office on Aging to fund Don Dickson's position had been extended for another year at the same amount of money (\$20,000) and that naming Don as Deputy Director would have no effect on the funding. Based on the Board's action in the previous meeting, Executive Director Hunt indicated that Mr. Dickson would assume the title of Deputy Director.

In a related staffing matter, Hunt recommended that an additional temporary staff position be created to help process the large number of multi-family applications. Hunt indicated that the current staff was not able to handle the workload, particularly if more rental subsidies are made available to the State. Vice Chairman Shaw moved the Executive Director be authorized to hire an additional temporary staff person, subject to a determination by Hunt that the need was there and subject to review by the Board in the fall of the position. Commissioner Bruley seconded the motion and it was approved unanimously.

Commissioner Ledbetter next expressed his concern relative to the availability of mortgage money for single family housing and whether the Board felt it was advisable to plan another offering of funds. After some discussion the Board directed Executive Director Hunt to informally survey the banks to determine the extent of the problem.

The meeting was adjourned at 12:45 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

June 22, 1977

TO: VHFA Commissioners
FROM: Allan S. Hunt, Executive Director
SUBJECT: Development Financing Recommendation re: Rutland Proposal

I hereby submit the proposal by Stuart St. Peter to convert an old hotel and adjoining apartment building to 40 units of elderly housing.

Consideration of this project should be based upon the following aspects:

Location:

Site is in an area of heavy traffic, a corner at which Route 4 (West Street) and Evelyn Street (which leads to a downtown shopping mall) converge. Buildings cover virtually all of the site, therefore leaving no space for parking or a green area. A city parking garage is planned for nearby but the appropriateness of the elderly using possibly unsupervised covered parking is questionable. Location is good from the standpoint of convenience to services (post office, stores, etc.) There is a philosophical question as to how much should be traded off for a central downtown location.

Present Condition:

The large building is mostly vacant at this time. Previously the first floor was rented by small shops and the 2nd through 4th floors were used as a residential hotel. The building appears to be structurally sound. The interior is rundown and would have to be "gutted" before any construction could commence. All windows of the potential apartments would face on West and Evelyn Streets (to heavy road noise) or onto an alley way. We did not inspect the smaller building, attached to the other, as it is presently occupied by families above and a store on the first floor. From the outside it appeared to be equally rundown. The developer has placed a current value of \$240,000 on the two buildings. An appraisal would have to be done to make a determination.

Preliminary Plan Review:

Since most partitions must be removed, the conversion of these buildings falls within the HUD New Construction guidelines. Based on these, all of the apartments have rooms which are deficient either in size or in required storage space. Overall apartment sizes are much smaller than others we have considered. Other than a small lobby on each floor, no community space is indicated. Subsequently, we discovered that he planned to put the community space in the basement, but there are no windows and no way to get natural light in. We question if community space in the basement would be appropriate under this circumstance.

Rents:

Developer is requesting \$280 per month for the elevator building (there is a usable shaft between the two buildings presently). This is well below the FMR's for one bedroom elevator units (\$353). However, his projected operating expenses appear very low in some areas and high in others. More work would be necessary before a judgment could be made as to whether or not the rents would support this project.

Development Budget:

No attempt has been made to analyze this area since his original plans were not based on HUD New Construction requirements.

Development Team Evaluation:

No time has been put into analyzing members of the team other than Mr. St. Peter. There is some evidence that Mr. St. Peter has, in the past, had difficulties with the city in terms of the safety of his two apartment buildings (which he has subsequently sold). There have also been tenant and management problems.

Subsidy Availability:

We are presently considering financing 42 units in Castleton and 14 in Poultney, both towns being in Rutland County. The City of Rutland has a 202 application for 40 units pending at this time. We might have difficulty justifying 40 additional units in Rutland County as it would not be consistent with fair share allocations for the state.

Recommendation:

Developer should not be encouraged to pursue this project based on poor site location, questionable management capabilities, and possible inconsistency with fair share allocations for the state.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

June 23, 1977

TO: VHFA Commissioners

FROM: Allan S. Hunt, Executive Director

SUBJECT: Development Financing Recommendation re: Kohlhepp Rutland Proposal

I hereby submit the proposal by William Kohlhepp to convert a mansion and carriage house to 18 units of elderly housing.

Consideration of this project should be based upon the following aspects:

Location:

Site is approximately 3/4 mile from the central business district in a peaceful residential area. There is a bus stop two blocks from the buildings. The transit system is shakey at this time so further investigation into that system and alternatives such as taxi, senior citizens groups, etc. is warranted. Adequate parking is planned at the site.

Present Condition:

The proposal consists of a mansion and carriage house built around 1900. The mansion has been vacant for the past 25 years but has been maintained by the executor. The carriage house presently has two large apartments on the second floor and appears to be in very good condition. The grounds are in some disrepair but could easily be brought back. The estate stipulates that the first floor of the mansion remain in its original state so the first floor would contain a large community room (650 sq.ft.), a large entrance lobby, a manager's apartment and office.

Preliminary Plan Review:

The preliminary plans submitted, with minor revision, appear to be consistent with the HUD minimum property standards. Size of apartments are larger than others we have processed due mainly to extensive use of existing partitions in the main building.

Rents:

This project is unique in that the main building, containing 12 units on four floors, will be serviced by an elevator. The second building is a 2-story walkup containing 2 handicapped units and 4 one-bedroom units. At the present time, the rents proposed are

2 - 2 bedroom elevator units	- \$427/month
9 - 1 bedroom elevator units	- 353/month
1 - 0 bedroom elevator efficiency	- \$334/month
6 - 1 bedroom walkup	- 280/month

These rents are the proposed published fair market rents for the area. Further analysis must be done to be sure that these rents can support the project.

Financial Analysis:

- a. Construction Costs: Total estimated development cost is \$450,000. The average cost per unit is \$24,500 which falls within acceptable guidelines. Square footages have not been determined at this point. However, sizes range from 436 to 776 square feet, which is well above the norm. With dwelling construction costs at \$261,000, square footage costs will appear very reasonable.
- b. Operating Expenses:
The total operating budget is projected at \$153.38 per unit month. This is considerably higher than the average monthly operating expenses projected for other projects (\$124 PUM). Some of the costs are substantiated by comparables, others are educated guesses pending receipt of estimates. Taxes in Rutland are high (almost \$500 PUM) which also contributes to the high operating expenses. Due to the special circumstance of this site (substantial, groomed grounds, large amounts of community space requiring extraordinary housekeeping attention), it should be expected that annual operating costs will be higher than average. This area still needs much scrutiny since FMR's may not be able to support such high operating costs.
- c. Debt Service Costs:
The proposal anticipates a 40 year mortgage at an interest rate of 8%.

Market Analysis; Subsidy Availability:

There is little doubt that there is a market in Rutland for 18 elderly units. Mr. Kohlhepp has had 13 inquiries since the beginning of June and the existing elderly projects in Rutland have substantial waiting lists. We are presently considering financing 41 units in Castleton and 14 units in Poultney, both being in Rutland County. The City of Rutland has a 202 application for 40 units pending at this time. We might have difficulty justifying additional units in Rutland County, although 18 units in an area of proven need may be acceptable.

Development Team:

Mr. Kohlhepp is head of his own real estate firm selling residential and income producing properties. He presently lives and works in a building he renovated and that has about 8 apartments which he manages. The building inspector had very favorable comments on his cooperation as a developer and landlord. We have not yet received personal financial and credit statements.

Recommendation:

It is our recommendation to encourage the developer to pursue his plans, with the understanding that we can give him no guarantees. These are areas of concern which must be worked on but no problems appear insurmountable at this time. This is an excellent site, the costs appear reasonable, the developer is very sincere and serious about doing a better than average project (he puts \$10,000 on the line on July 1).



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

RICHARD A. MYETTE
Chairman

June 23, 1977

TO: VHFA Commissioners

FROM: Allan S. Hunt, Executive Director

SUBJECT: Development Financing Recommendation re: Derby Line Proposal

I hereby transmit the proposal of Barbara Postman and Charles Warren to rehabilitate a multifamily structure located at 21 Main Street in the Village of Derby Line for 10 units of housing for the elderly. I recommend that VHFA continue to process this proposal with approval contingent upon satisfactory processing and a future vote of the Commissioners.

VHFA approval should be based on the following considerations:

Development Team Evaluation:

Neither of the two developers Barbara Postman and Charles Warren have had development experience with multifamily housing programs whether subsidized or unsubsidized. This is perhaps the project's major drawback. The majority of the responsibilities of the developer will be borne by Mrs. Postman. The role of Mr. Warren, who resides in Washington, D.C. and is Director of Legislation for the Environmental Protection Agency, will simply be that of an investor. He is Mrs. Postman's brother. The financial statements submitted by both developers are incomplete, but their current assets appear sufficient for the cash requirements of the development.

The architect, Arthur Postman, is registered in Vermont and has had 18 years of design experience. He has designed rehabilitation projects ranging from single family residences to the Orleans County Court House as well as many large scale commercial buildings including office buildings, corporate headquarters, shopping centers, schools, cultural centers, libraries, and museums.

The construction contract will be let to bid.

Management functions will be performed by Mrs. Postman who has experience in both personnel supervision and business management for several large corporations. She does not intend to live in the building but will reside in Brown-ington, approximately 10 miles away.

Site and Design Analysis:

The site has no apparent disadvantages. It is a large, beautiful building currently housing four apartments plus the owners' residence. Both the interior and exterior of the building are in fairly good shape.

The building is linked by a sidewalk to the main part of town which is approximately 1/4 mile away. It is located in a quiet, residential area overlooking the main common. Side and rear yards are adequate and site amenities now include or will include a swimming pool, ornamental gardens, vegetable gardens and an orchard.

Community water and sewerage facilities are both available. The zoning regulations allow for multifamily dwellings in that area. Mrs. Postman has talked to the zoning administrator who has indicated there will be no problems in obtaining a permit.

Market Analysis:

It is reasonable to assume that this project could be filled since it is a small project in a community with a large percentage of elderly as well as low income residents. The 1970 census reported approximately 380 people over 65 in the town of Derby and 315 families and individuals who would be eligible for Section 8 subsidy. However, the developer will be asked to gather additional market information since the 1970 census reported a 13% vacancy rate among rental units.

Financial Analysis:

a. Construction Costs: The total estimated project development cost is \$268,650, or \$26,865 per unit. This estimate is slightly high compared to the per unit cost for other current projects. However, construction cost is estimated at \$20/sq. ft. which is considered average for rehab projects. The per unit cost reflects the acquisition cost of a building in good condition and surrounding land as well as financing and carrying charges of approximately 3 points above prime.

b. Operating Expense: The developer estimates a \$75/mo. operating expense. This appears low compared to other projects so she has been asked to justify this estimate. Tenants will pay their own electricity which will lower the usual operating expense. Taxes are estimated at \$1,500 which again is comparatively low but double the present taxes on the building as it now exists. A letter from the town substantiating the tax estimate has been requested. With the exception of electricity and taxes, projected annual operating expenses are directly comparable with the Woodstock rehab project.

c. Contract Rents: Proposed rents are \$280/month for all units, which is the FMR for the proposed unit type. These proposed rents are obviously extremely high relative to existing rents in the surrounding area but are comparable to the Woodstock rehab project.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~RICHARD A. WETTER~~
Chairman

July 29, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
August 4, 1977
to be held at the Howard Bank Board Room
Main & State Streets, Montpelier
2:00 p.m.

1. Approval of minutes of June 23, 1977 Commission Meeting.
2. Presentation by Howard Bank on possible underwriting involvement (letter enclosed).
3. Discussion of VHFA policy towards financing family housing (memo enclosed).
4. Approval of publishing draft Home Improvement Loan Regulations (draft enclosed)
5. Approval of FY 1978 budget (draft distributed at last meeting).
6. Rediscussion of potential projects:
 1. Essex Junction
 2. Derby Line
 3. Rutland/Kohlhepp
7. Discussion of new projects:
 1. Manchester
 2. Poultney
 3. Middlebury (3)
8. Any other old or new business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~RICHARD A. MYETTE~~
Chairman

MINUTES OF THE JUNE 23, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Simson, Gallison (State Treasurer's Office), Bruley, Myette; Staff members Hunt, Dickson, Theilen, Nichol; Andrew Gurley & Peter Freund of the First Boston Corporation, Jim Stovall of E. F. Hutton. Stuart St. Peter, a developer, and Scott Frazier, staff, were present for parts of the meeting.

The meeting was called to order at 2:37 p.m. Upon motion of Commissioner Simson, seconded by Commissioner Shaw, the minutes of the June 2, 1977 Board meeting were approved.

Executive Director Hunt introduced Polly Nichol, who will be working as a consultant for VHFA on the multifamily program on a part-time basis for the summer.

Executive Director Hunt introduced Mr. Gurley, explaining that the next multifamily bond issue, tentatively scheduled for September, would probably be somewhere between \$10 - \$12 million, and that it would be an intricate issue since it has to be structured according to various mortgage maturity dates. Mr. Gurley forecasted that the rates are likely to gradually rise through the summer. He wouldn't predict what the rate might be in September but did say that presently multifamily bonds were selling at 6½% net interest cost to the agencies. A discussion ensued about the desirability of making the construction loans as well as the permanent loans. The Commissioners agreed to consider, subject to extensive review, the idea of construction loans or other mechanisms using bond anticipation notes.

A letter was discussed from the Howard Bank indicating their willingness to purchase from the Agency \$650,000 in bond anticipation notes to finance participation in HUD's Section 235 program. The Board decided to defer action on the issue until there was a stronger indication of interest on the part of home builders to become involved in the 235 Program.

Next Don Dickson lead a discussion of the Castleton Corners Elderly Housing Project. Following the last board meeting the developers submitted information about the management and financial capacity of the team, and agreed to resubmit their proposal with reduced rents. A motion to encourage further processing of the proposal including forwarding it to the VSHA pending receipt of updated financial statements and the revised proposal was made by Commissioner Myette, seconded by Commissioner Bruley and was passed unanimously.

Ronne Thielen explained the Kohlhepp Elderly Housing proposal re: the attached written recommendation. The Board directed the staff to notify Mr. Kohlhepp of their concerns about the cost of annual upkeep of the property and to encourage him to find other means of supporting any extraordinary costs of grounds maintenance. If solutions can be worked out on the operating expenses, they would be willing to consider further his proposal. A motion to table consideration of the proposal pending receipt of the additional information was made by Commissioner Myette, seconded by Commissioner Simson and was passed un-animously.

Director Hunt next explained the St. Peter Rutland proposal re: the attached written recommendation. He pointed out that HUD might not approve the project on the grounds of their Environmental Noise Impact rules. After much discussion of the site problems (no green space, no on-site parking, traffic noise), Chairman Field made the motion to discontinue further processing of the proposal. There not being a second to the motion, Chairman Field moved to table consideration of the project. Vice Chairman Shaw seconded the motion and it passed unanimously.

Polly Nichol presented the Postman Derby Line proposal re: the attached written recommendation. The Commissioners expressed a strong preference that laundry facilities not be so far away from the second-floor apartments. A motion to encourage the processing of the proposal was made by Chairman Field, seconded by Vice Chairman Shaw and was passed unanimously.

Don Dickson explained the Essex Junction proposal re: the attached written recommendation. The Commissioners indicated a need for additional information on the development and management experience of the sponsors. They observed that VHFA Regulations allow as a development cost only the actual purchase cost of land or the appraised value, whichever is lower. They also refused to include the full cost of roads that will serve other parts of the development. With this understanding, the Commissioners voted to proceed with further processing of the proposal.

Scott Frazier explained the proposed Cash Flow Budget for fiscal year 1978. The Commissioners were asked to review the budget for action at the next meeting.

The following two resolutions were approved unanimously by the Commissioners:

RESOLVED: That the funds of this Agency deposited with the Vermont Federal Savings and Loan Association be subject to withdrawal upon checks, notes, drafts, bills of exchange, acceptances, undertakings of other orders for the payment of money when signed on behalf of the Agency by any two of the following officers, to wit:

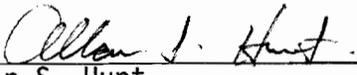
Allan S. Hunt, Executive Director
W. Scott Frazier, Controller

RESOLVED: That Executive Director Hunt, Controller Frazier, Single Family Mortgage Supervisor Detora be and hereby are authorized to enter the Agency safe deposit box at the Burlington Savings Bank.

Director Hunt read a letter of appreciation from Senator Leahy for VHFA's assistance in getting his HUD amendment passed which restores about 25,000 units to the HUD budget for Section 8. Director Hunt also explained that when he was in Washington on June 15, he met with Assistant Secretary Simon who asked him to have VHFA consider applying for a special rehab program of approximately 200 additional units which would be given to the state strictly for rehab projects.

Upon motion of Chairman Field, seconded by Commissioner Bruley, the meeting was adjourned at 5:05 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~VERMONT HOUSING FINANCE AGENCY~~
Chairman

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
August 18, 1977 - 1:00 PM
4th floor - Pavilion Building, Montpelier

1. Approval of minutes of August 4, 1977 Commission Meeting.
2. Discussion and choice of Middlebury projects.
3. Discussion of Randolph Project (authorizing Letter of Intent).
4. Discussion of new Castleton Proposal (Fucci)
5. Discussion of Castleton Project (Berkshire) - Letter of Intent
6. Discussion of new proposal for South Burlington
7. Any other old or new business to come before the Board.

Mr. Frazier explained the financial statements, attached herewith, for Fiscal Year ended June 30, 1977. The Commissioners then reviewed the Fiscal Year 1978 budget. Upon motion of Commissioner Hebard, seconded by Commissioner Simson, the Fiscal Year 1978 budget was unanimously approved as proposed. Upon motion of Commissioner Hebard, seconded by Vice Chairman Shaw, an approximate salary increase of 10% was unanimously approved for Mr. Dickson and Ms. Thielen. Upon motion of Chairman Field, seconded by Commissioner Hebard, an approximate salary increase of 10% was unanimously approved for Director Hunt.

After presentations by Director Hunt, Ms. Thielen, and Ms. Nichol, the following multifamily elderly projects were unanimously approved in concept in the following order:

Motion made by Commissioner Hebard, seconded by Vice Chairman Shaw for the Essex Junction - Lang/Gagne proposal;

Motion made by Vice Chairman Shaw, seconded by Commissioner Bruley for the Derby Line - Postman proposal;

Motion made by Commissioner Bruley, seconded by Commissioner Simson for the Rutland - Kohlhepp proposal.

Two new proposals were presented to the Board by Ms. Nichol. A motion to encourage the processing of the Manchester - Heaton proposal for elderly housing was made by Vice Chairman Shaw, seconded by Commissioner Simson and passed unanimously.

Next a lengthy discussion of the Poultney - Brown proposal to convert a motel to elderly housing ensued. Concern was expressed as to whether it was possible to eliminate the motel/transient aura in this type of conversion. There was also concern expressed about real value of the motel which will be used as equity by the Browns. A motion was made by Commissioner Hebard, seconded by Commissioner Ledbetter to follow the staff recommendation to continue processing the proposal with the condition that Vermont Housing Finance Agency have an appraisal done on the motel before any commitments are made. The motion passed unanimously.

Director Hunt explained the status of the Windsor-Peabody project. Due to the nature of the rehabilitation, it has been determined that it is not feasible to phase the project, so the Commissioners were asked to consider the idea of financing the whole project at one time. Ten units would be constructed as townhouse apartments for other than elderly occupants while 65 would be one and two bedroom elderly units. Commissioner Hebard made the motion,

seconded by Vice Chairman Shaw, to authorize the issuance of a revised Letter of Intent to finance all 75 units in one phase, subject to proving financial feasibility. The motion passed unanimously.

The Commissioners then asked Director Hunt to express their sentiments to Mrs. Myette about the unfortunate accident of Commissioner Myette.

Upon motion of Commissioner Hebard, seconded by Vice Chairman Shaw, and a unanimous vote, the meeting was adjourned at 5:26 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~Executive Director~~
Chairman

September 1, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
September 8, 1977 - 1:30 PM
4th floor - Pavilion Building, Montpelier

1. Approval of minutes of August 18, 1977 Commission Meeting.
2. Review of draft Official Statement for new Single Family Mortgage Purchase Program (will be available at meeting).
3. Take any necessary actions on the proposals presented in morning session.
4. Presentation of Montpelier family housing proposal by Joseph Wishcamper of Housing Resources Corporation. Developer is seeking permanent financing for 20 units of family housing.
5. Any other business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~Executive Director~~
Chairman

September 1, 1977

NOTICE OF BOARD OF COMMISSIONERS MEETINGS

The Board of Commissioners of the Vermont Housing Finance Agency will meet on Thursday, September 8, 1977, at 9:30 a.m. to discuss developer proposals, Section 8 Program, with the Board of Commissioners of the Vermont State Housing Authority. The meeting will be held at the Pavilion Office Building in Montpelier, 4th floor conference room.

The schedule of developer presentations is as follows:

- 9:30 Lang; 95 units - Essex Junction. Board has given conceptual approval in previous meeting.
- 10:00 Babcock; 12 elderly/8 family - Northfield. Very little information received from developer (see enclosure)
- 10:45 Low Prichard Foundation; 8 units - Bradford. Board has given conceptual approval in previous meeting.
- 11:15 Fred Keil; 24 units - Randolph. No information received - will be provided at meeting.
- 11:45 O'Brien; 99 units - South Burlington. Information enclosed.
- 12:15 St. Peter; 34 units - Rutland. Board tabled consideration at previous meeting.

The Commissioners will meet again at 1:30 p.m. to discuss the agenda that follows.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
Chairman

MINUTES OF THE AUGUST 18, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Simson, Hebard, Bruley, Ledbetter; Staff, Executive Director Hunt, Dickson, Ms. Thielen, and Ms. Nichol; and Mr. Ziese of E.F. Hutton.

The meeting was called to order at 1:15 p.m. Upon motion of Vice Chairman Shaw, seconded by Commissioner Bruley, the minutes of the August 4, 1977 Commission Meeting were unanimously approved.

Director Hunt presented the proposed distribution of Fiscal Year 1977 Section 8 subsidy funds and asked that the Board consider approval of the areas designated. Upon motion of Commissioner Simson, seconded by Commissioner Ledbetter, the Board unanimously approved the distribution of funds to the designated areas per the attached schedule, although not the specific amounts of funds listed.

A lengthy discussion of the three competing Middlebury proposals ensued. It was agreed that the Middlebury Meadows proposal would be eliminated from consideration due to its proximity to the sewage treatment plant. A motion was made by Commissioner Hebard to leave the decision between the two remaining projects and any negotiations over the choice with the Vermont State Housing Authority up to the Executive Director and staff. The motion was seconded by Commissioner Ledbetter and passed unanimously.

Director Hunt and Mr. Ziese of E. F. Hutton discussed with the Commissioners the possibility of refunding the 1975 Series A Bond Issue in tandem with a new Mortgage Purchase Program in order to achieve some savings in debt service. The Board agreed to go forward with the new issue but reserved judgment on the refunding until the cost savings could be proven. The Commissioners asked Mr. Ziese to work the figures and send them to each of the members in time for them to review the figures before the next Board Meeting. Upon motion of Commissioner Ledbetter, seconded by Commissioner Hebard, the Board unanimously voted to lower the income ceiling of the Single Family Program to \$14,500 if the effective interest rate comes out in the 6% range.

Mr. Dickson presented the Castleton proposal of Ronald Fucci, Christopher Fucci, and David Rosen to the Commissioners. After some discussion, it was determined that the site was inferior to the Castleton Meadows proposal which the Board had already conceptually approved. Upon motion of Commissioner Ledbetter, seconded by Commissioner Bruley, the Board unanimously voted to reject the Fucci proposal.

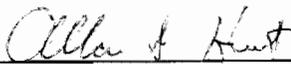
The Commissioners were next apprised of the satisfactory progress of the Castleton Meadows proposal by Kelleher, Fenton, Steele, Mason and Butler. Upon motion of Commissioner Hebard, seconded by Commissioner Simson and with the recommendation that the developers provide adequate screening of the adjacent motorcycle shop, the Board unanimously gave authorization to issue a Letter of Intent to finance the Castleton Meadows project.

Mr. Dickson presented the Randolph proposal of Lyndel J. Wishcamper to the Commissioners, explaining that this proposal had been under consideration and conditionally approved by the VHFA Commissioners since last year under the auspices of a different developer. Due to delays and design requirements created in part by Historical Preservation and Environmental Conservation Agencies, the construction cost of the proposal has increased significantly. After assurances that the project had not substantially changed and had progressed satisfactorily, Commissioner Hebard made the motion to authorize the issuance of a Letter of Intent to finance. The motion was seconded by Commissioner Bruley and passed unanimously.

The Commissioners directed the staff to prepare, for the next Board Meeting, a synopsis of the present state of VHFA bonding authority and the amounts of bonds planned to be issued this fall for the Multifamily, Single-Family and Home Improvement Programs.

Upon motion of Commissioner Bruley, seconded by Commissioner Simson, and unanimous vote of the Board, the meeting was adjourned at 2:30 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field

Chairman

August 11, 1977

NOTICE OF BOARD OF COMMISSIONERS MEETINGS

The Board of Commissioners of the Vermont Housing Finance Agency will meet on Thursday, August 18, 1977, at 9:30 a.m. to discuss developer proposals, Section 8 Program, with the Board of Commissioners of the Vermont State Housing Authority. The meeting will be held at the Pavilion Office Building, 4th floor conference room.

The schedule of developer presentations is as follows:

9:30 Bicknell and Beckwith (Middlebury)
9:45 Wishcamper (Middlebury)
10:15 Abrams (Middlebury)
10:30 Kohlhepp (Rutland)
11:00 Brown (Poultney)
11:15 Heaton (Manchester)
11:45 Postman (Derby Line)

The Commissioners will meet again at 1:00 p.m. to discuss the agenda that follows.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~Executive Director~~
Chairman

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
September 22, 1977 - 9:00 AM
2nd floor - Pavilion Building - Montpelier

1. Approval of minutes of September 8, 1977 Commission Meeting.
2. Single-Family Mortgage Purchase Program, 1977 Series A
 - a. Adopt Series Resolution authorizing issuance of approximately \$15,000,000 in bonds
 - b. Review and approve Contract of Purchase with First Boston Corporation and E.F. Hutton
 - c. Authorize issuance of Official Statement describing the bonds
 - d. Authorize acceptance of Applications and Commitments from Mortgage Lenders
3. Discussion and approval of Resolution Authorizing Issuance of Multifamily Bond Anticipation Notes, Issue A (approx. \$650,000)
4. Multifamily Program, 1977 Series A
 - a. Resolution authorizing loan for Bellows Falls project
 - b. Authorize revised equity position on Windsor project
5. Multifamily Program, 1977 Series B
 - a. Timing of Bond Issue
 - b. Action on proposals already presented
 - c. Presentation of Montpelier proposal by David Dubrul
 - d. Presentation of Burlington proposal by Rick Davis
6. Home Improvement Loan Program
 - a. Adoption of regulations
 - b. Sources of funds for loans
7. Any other business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
Chairman

MINUTES OF THE SEPTEMBER 8, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Simson, Hebard, Ledbetter; Staff Executive Director Hunt, Ms. Thielen; Andrew Gurley and Thomas Tinsley of First Boston; Charles Ziese of E.F. Hutton; Robert Fippinger and William Dietrich of Hawkins, Delafield & Wood.

The meeting was called to order at 2:15 p.m. Upon motion of Commissioner Ledbetter, seconded by Commissioner Simson, the minutes of the August 18, 1977 Commission Meeting were unanimously approved.

The following multifamily projects were discussed and the following actions were unanimously approved:

Essex Junction/Lang-Gagne. The motion was made by Commissioner Hebard, seconded by Commissioner Ledbetter to approve the set-aside for 62 subsidized elderly units and to forward the proposal to HUD.

Randolph/Keil. Since advertising of the 20 family units in Randolph is expected shortly, Commissioner Hebard made the motion, seconded by Commissioner Simson, to place this proposal on the table pending receipt of other proposals.

Northfield/Babcock. Due to confusion as to who (FmHA or VHFA) would finance this project, Commissioner Simson made the motion, seconded by Commissioner Hebard, to place this proposal on the table pending resolution of the confusion of who would be financing this project.

South Burlington/O'brien. The motion was made by Commissioner Ledbetter, seconded by Commissioner Hebard, to approve the set-aside for 75 subsidized elderly units and to continue processing with the express desire to try to reduce the proposed rents.

Bradford/Low Prichard Foundation. Motion was made by Vice Chairman Shaw, seconded by Commissioner Hebard to approve the set-aside for 8 subsidized elderly units and to forward the proposal to HUD.

Rutland/St. Peter. The Commissioners agreed to take no action at this time so the proposal will continue on the table.

Director Hunt outlined the Montpelier/Wishcamper subsidized family project stating that the entire 20-unit project already has FHA insurance. Mr. Lyndel J. Wishcamper presented the history of the project including the fact that the Montpelier Housing Authority has been deeply involved in the project since conception but that he himself has only recently become involved. After Mr. Wishcamper left, a great deal of discussion ensued about the pros and cons of VHFA becoming involved in construction financing. It was apparent that with VHFA construction financing Mr. Wishcamper would be able to build a higher quality project than he would if he had to pay the higher interest rate on a commercial loan. Commissioner Hebard made the motion, seconded by Vice Chairman Shaw, to issue a commitment to Mr. Wishcamper, subject to approval by the Chairman, for the interim and permanent financing for the 20 unit Montpelier family housing project. The motion passed unanimously.

Director Hunt introduced the facts of the upcoming Single Family Insured Mortgage Bonds, 1977 Series A issue. He said the participating banks agreed that, with a projected $7\frac{1}{4}\%$ interest rate, the income ceiling for this issue should be \$16,000. It is expected that the bonds will be sold on the 22nd of September. The following resolution was introduced by Vice Chairman Shaw, and seconded by Commissioner Ledbetter.

BE IT RESOLVED AS FOLLOWS:

To authorize the printing and distribution of the Preliminary Official Statement entitled Single Family Insured Mortgage Bonds, 1977 Series A, for the purposes of providing lower interest loans to persons and families of low and moderate income.

The resolution was unanimously adopted.

It was next explained that the Rutland/Kohlhepp project was proceeding satisfactorily and that it was ready for a Letter of Intent. Upon motion of Commissioner Ledbetter, seconded by Commissioner Hebard, the Board unanimously authorized issuance of a Letter of Intent to Mr. Kohlhepp for the 18-unit elderly project at 191 Grove Street, Rutland,

Director Hunt discussed the possibility of deferring some of the commitment fees for non-profit sponsors to the time of permanent loan closing. The Board felt that doing so as a general policy would give an unfair advantage to non-profits, but agreed they would consider deferring a portion of the fee on a case by case basis in the event they prove to be a hardship.

Director Hunt outlined the proposal of Kessel-Duff Construction Corp. to construct a 120-unit family project in Essex Junction. 56 units to be built in the first phase would be subsidized while the second phase units would be unsubsidized. The Board felt they might be interested in such a project but would advise the developer to consider having subsidized and unsubsidized units in the same buildings to alleviate any stigma associated with subsidized apartments.

Upon motion of Commissioner Simson, seconded by Commissioner Ledbetter and unanimous vote of the Board, the meeting was adjourned at 4:20 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
Chairman

October 12, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
October 19, 1977 - 9:30 AM
2nd Floor - Administration Building - Montpelier

1. Approval of minutes of September 22, 1977 Commission Meeting.
2. Review and adoption of Home Improvement Loan Program Rules and Regulations.
3. Review and approval of Group Home Regulations for submission to Secretary of State for publication.
4. Discussion and adoption of Resolution Authorizing the Issuance of Multi-Family Bond Anticipation Notes, Issue B (\$1,575,000 for Randolph project).
5. Multi-family projects:
 - a. Middlebury: discussion and authorization of Letter of Intent
 - b. Rutland (Kohlhepp): discussion and approval of revised mortgage amount and rent schedule
 - c. Bradford: discussion and approval of revised mortgage amount and rent schedule.
 - d. Poultney: discussion and authorization of Letter of Intent.
6. Discussion and authorization to prepare Official Statement for Multifamily Bond Issue.
7. Any other business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field

Chairman

MINUTES OF THE SEPTEMBER 22, 1977 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Commissioners Hebard, Ledbetter, Simson, Myette by speaker phone; Staff, Executive Director Hunt, Deputy Director Dickson, Ms. Detora, Ms. Nichol, Mr. Frazier; Mr. Ziese of E.F. Hutton, Mr. Ingalls of Hawkins, Delafield & Wood, Mr. Gurley of First Boston Corporation. Mr. Hebard was replaced by Mr. Gallison halfway through the meeting.

The meeting was called to order at 9:10 a.m. Upon motion by Vice-Chairman Shaw, seconded by Commissioner Hebard, the minutes of the September 8, 1977 Commission Meeting were unanimously approved.

Because Mr. Ingalls and Mr. Gurley had not yet arrived, Item 4 of the Agency, Multifamily Program, 1977 Series A, was taken up first. A resolution authorizing the loan for the Bellows Falls Project was discussed. Mr. Dickson explained that a final inspection will be made by HUD, Vermont State Housing Authority, and VHFA on September 26, 1977. The permanent loan closing is scheduled for October 3, with the project opening scheduled for October 8th. An escrow account will be established for 150 percent of the cost of any unfinished work.

The following resolution was moved by Mr. Simson and seconded by Mr. Shaw.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) the Riverview housing for the elderly in Bellows Falls (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;

- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which elderly persons and families of low or moderate income are able to afford within the general housing market area of Bellows Falls and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such elderly persons or families; and
- (4) the Sponsors of the Development will increase the supply of well-planned, well-designed housing for elderly persons and families of low and moderate income and such Sponsors are financially responsible persons.

"Therefore, the Executive Director is hereby authorized and directed to ascertain that the Development is substantially complete and acceptable in all respects, that all covenants and conditions of the Letter of Commitment have been fulfilled, and that a Housing Assistance Payments Contract has been executed. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter, and to furnish any appropriate certifications required by HUD to maintain the Housing Assistance Payments Contract in effect".

The motion was approved unanimously.

Discussion then turned to authorization of a revised equity requirement for the Windsor project. Director Hunt explained that because of the Agency's concern about the large size and unique nature of the Windsor project, VHFA had initially requested that the developer put in 15% temporary and 5% permanent equity. Temporary equity was to be for a period of two years. Due to a change in HUD Section 8 vacancy regulations and the addition of 10 family units to the project, the developer has requested relief from this equity requirement.

Mr. Hunt presented a draft of a letter to the developers suggesting 10% temporary equity and certain conditions for the release thereof. Mr. Field suggested that the 10% or approximately \$200,000 be represented by two demand notes, each of approximately \$100,000, payable to the construction lender and VHFA, executed by Windsor Housing Associates and personally co-signed by Peabody Construction Company and Gerard F. Doherty. He further suggested that the notes be secured by collateral assignment of the stock of the corporation that is the general partner (Old Windsor Corporation). He then suggested the equity be released as provided in the draft letter and that no interest be charged on the notes and no return on the temporary equity be allowed. After a brief discussion, Mr. Shaw moved to approve the contents of the draft letter with the revisions suggested by Mr. Field. Mr. Hebard seconded the motion. The motion was unanimously approved.

The next item discussed was Agenda Item #5, Multi-family Program, 1977 Series B. Mr. Hunt explained to the Board that he hopes the bonds can be issued in late October so projects can get started before winter.

The Commissioners were then asked to take action on the following projects previously presented:

(1) Essex Junction: Mr. Dickson explained that the developers may wish to use a contractor bondable for only one building at a time, and if so, he recommends a commitment for only one building at a time. Mr. Field suggested that the first bond be for one building and all site improvements, the second bond be for the second building.

Mr. Ledbetter moved to authorize issuance of a Letter of Intent upon receipt of necessary documentation from the developers. Mr. Shaw seconded the motion. After a brief discussion the motion was approved unanimously.

(2) Derby Line: Ms. Nichol explained that most of the documents necessary for the Letter of Intent have been received but that the developer wishes to employ individual subcontractors rather than one general contractor. Mr. Hunt noted his concern that the bonding companies would fight over responsibility for any delay. Mr. Field said he was in favor of letting them use subcontractors since the structure is existing. He suggested that all subcontractors be required to use the same bonding company if possible.

Mr. Shaw made the motion to authorize issuance of a Letter of Intent upon receipt of necessary documentation from the developers. Mr. Simson seconded the motion. It was passed unanimously.

(3) Manchester: After a brief report and discussion, Mr. Simson moved to authorize issuance of a Letter of Intent upon receipt of necessary documentation from the developer. Mr. Ledbetter seconded the motion. It was passed unanimously.

(4) Poultney: This project was tabled at the meeting of August 4, 1977. Since then several changes have been made by the developers. There was considerable discussion by the Commissioners about whether or not this is a project the Agency wishes to finance. Mr. Shaw made the motion to remove the project from the table and to authorize continued processing. Mr. Hebard seconded the motion. Commissioners Simson, Myette, Hebard, Shaw voted "aye", Chairman Field voted "nay", Commissioner Ledbetter abstained. The motion carried.

The meeting then turned to Agency Item 2, Single Family Mortgage Purchase Program, 1977 Series A.

Mr. Gurley presented the Contract of Purchase and a memo and spread sheet showing comparisons amongst recent HFA issues. He reported that the net interest cost will be 5.523%, the underwriters' spread will be \$15/\$1,000 and the interest rate to borrower will be approximately 6.95%.

At this point Mr. Myette and Mr. Hebard left the meeting and Mr. Hebard was replaced by Mr. Gallison.

Mr. Gurley continued to explain that most of the purchasers were institutions and that the Howard Bank took \$2,000,000. He explained that acceptance of the contract and distribution of the Official Statement will be authorized by the Series Resolution.

Mr. Ingalls then explained various provisions of the Series Resolution, authorizing the Issuance and Sale of \$14,995,000 Single Family Insured Mortgage Bonds, 1977 Series A, which constitutes a Series Resolution pursuant to the Single Family Insured Mortgage Bond Resolution, adopted September 17, 1976.

Mr. Shaw moved to adopt the Series Resolution, changing the \$15,170,000 on page 2 to \$14,995,000 and with the express understanding that the bonds are not secured by the full faith and credit of the State of Vermont.

Mr. Simson seconded the motion. It was approved unanimously.

The Contract of Purchase was signed by Mr. Hunt, Mr. Gurley and Mr. Ziese. Mr. Gurley delivered the Good Faith Deposit to Mr. Field.

Mr. Shaw then moved to accept Applications and Commitments from mortgage lenders as shown on page 12 of the Official Statement. Mr. Ledbetter seconded the motion. It was passed unanimously.

Agency Item 3, Discussion and approval of a Resolution Authorizing the Issuance of Multifamily Bond Anticipation Notes, Issue A, was then brought up. Mr. Ingalls led the discussion. These notes are intended to provide both construction and permanent financing for the Montpelier Family project. It was suggested the following changes be made.

- (a) On page 2, Investment Obligation paragraph: add at the end, "or State of Vermont".
- (b) On page 6, change \$5,000,000 to \$650,000. Eliminate the "redemption prior to maturity" clause and replace it with a clause indicating the terms of prepayment.
- (c) On page 15, eliminate the sentence in the 4th paragraph regarding minimum bids.

Mr. Shaw moved to adopt the resolution as amended. Mr. Ledbetter seconded the motion. It was passed unanimously.

Various commissioners then pointed out that the Agency is negotiating a bid from the Howard Bank at this time on an experimental basis because this is the first time the Agency has used bond anticipation notes and due to the coming of winter and the urgency of starting construction on the Montpelier project, there is not enough time to seek bids from other banks. It was made clear that it is not Agency policy to deal only with one bank.

Mr. Dickson then suggested to the Board that in the case of the Montpelier family project, because of FHA insurance and FHA's conservative underwriting, the following variations from normal Agency procedures be allowed:

- (a) 1% commitment fee instead of 2%
- (b) Forego Project Cost Escrow requirement
- (c) Allow the developer's return on equity to conform with FHA procedures.

Mr. Field moved that the Executive Director be authorized to waive VHFA guidelines and policy limits where necessary to conform to FHA procedures, with respect to this FHA insured project only.

Next Director Hunt indicated it was necessary to pass a resolution authorizing the Chairman or Executive Director to make application to the FHA for approval as a Mortgagee and generally conduct business with FHA on behalf of the Agency.

Mr. Field introduced the following resolution:

RESOLVED, That the Chairman or the Executive Director of this corporation or Trust be and they hereby are authorized and empowered in the name and on behalf of this corporation and under its corporate seal, to make application to the Federal Housing Administration for approval as a mortgagee under the provisions of the National Housing Act; to submit applications to the Federal Housing Administration for insurance of mortgages; and, to enter into any agreements, execute any documents or papers, and furnish any information required or deemed necessary or proper by the Federal Housing Administration in effecting such applications and such insurance.

Mr. Simson seconded and it was passed unanimously.

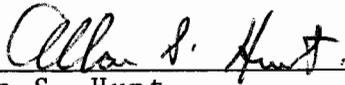
David DuBrul, a developer, then presented a proposal to renovate the Lane Shops complex in Montpelier. The Commissioners reacted favorably to the proposal but expressed concern about loading operations at the adjacent warehouse and their hope that more exterior amenities such as recreation and sitting areas be provided. They also expressed very strong reluctance to finance the non-subsidized, non-elderly portion of the proposal.

Mr. Field suggested that the Agency convey its interest on the basis that its investment be restricted to up to 56 units for low-income elderly. Mr. Shaw moved that the Board approve further processing, with the understanding that VHFA participation be limited to the subsidized portion of the project. Mr. Gallison seconded the motion. It was approved unanimously.

Mr. Field then led a lengthy discussion of the effect of VHFA bonds on the State's credit rating. He suggested sending a letter to all legislators describing the source, use, and backing of Agency bonds. There was also some discussion of proposals to merge VHFA with the Vermont State Housing Authority.

The meeting adjourned at 12:50 p.m. upon a motion by Mr. Shaw and seconded by Mr. Ledbetter.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~Chairman~~
Chairman

October 31, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
November 3, 1977 - 9:00 AM
2nd Floor - Vermont Housing Finance Agency

1. Approval of minutes of October 19, 1977 Commission Meeting.
2. Discussion and authorization of Preliminary Official Statement entitled "Multi-Family Mortgage Bonds, 1977 Series B (Drafts to be mailed directly to Board Members, hopefully)
3. Discussion and authorization of Letter of Intent for South Burlington Project (O'Brien).
4. Re-discussion of Middlebury Project.
5. General discussion of Agency programs for upcoming 1978 legislative session.
6. Any other old or new business to come before the Board.



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field

MINUTES OF THE OCTOBER 19 , 1977 COMMISSION MEETING *Chairman*
OF THE
VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Field, Vice Chairman Shaw, Mr. Hebard, Mr. Ledbetter, Executive Director Hunt, Mr. Dickson, Ms. Detora, Mr. Frazier, and Ms. Thielen. New Board Member-designee Ben Gardner of Hawk Mountain.

The meeting was called to order at 10:00 a.m. Upon motion by Vice Chairman Shaw, seconded by Commissioner Ledbetter, the minutes were unanimously approved.

The Commissioners were asked by Executive Director Hunt to approve certain changes in the Home Improvement Rules and Regulations which were published by the Agency. Pursuant to comments received by interested parties, the following changes were approved:

Chapter 1, under "Eligible Borrower" adds owners of Section 8 housing and non-profit corporations;

Chapter 3, the word yield was changed to "create"

Chapter 4, this section was changed to require loans in excess of \$1,000 be secured by a second mortgage. Vice Chairman Shaw moved to adopt the Rules and Regulations as revised. Mr. Ledbetter seconded the motion and it was approved unanimously.

Next Mr. Dickson reviewed the proposed group home regulations with the Board. Mr. Ledbetter moved to approve the regulations for publication, Mr. Shaw seconded and it was approved unanimously.

Next Mr. Dickson discussed the urgency for making a firm commitment for financing the Randolph project. In order to satisfy the construction lender (The Chittenden Bank) of our commitment, Mr. Shaw made the following recommendations in the form of a motion:

1. That VHFA commit themselves to making the permanent loan on Randolph by signing the Three-Party Agreement with the developer and the Chittenden Bank.
2. That the Board approve the resolution authorizing the issuance of Multifamily Bond Anticipation Notes, Issue B, and authorizing the solicitation of bids, either negotiated or competitive, from

any Vermont bank in an amount sufficient to honor aforementioned commitment.

3. Should the commitment on the part of the bank which issues the successful bid isn't sufficient to serve as a commitment to the construction lender, then the Chairman and Executive Director are authorized to sell the Bond Anticipation Notes in accordance with the terms and conditions of the Note Resolution, Issue B, dated October 19, 1977.

Mr. Hebard seconded the recommendation and it was approved unanimously.

Next Section 11(b) financing was discussed but no action was felt to be necessary. Also discussed was Moody's treatment of H.F.A. moral obligation and its affect on state credit.

Controller Frazier discussed with the Board the apparent oversight of the Randolph National Bank in the 1977 Single Family Program. In order to correct the problem, Commissioner Shaw moved the Agency offer \$180,000 of 1976 funds at a 7.85% interest rate. Commissioner Ledbetter seconded, and the motion was approved unanimously.

A discussion of various multifamily proposals ensued and the following actions were taken:

1. Middlebury - Ms. Thielen presented the site plan of the Bicknell/Beckwith proposal which showed the proposed plans for expansion of the adjacent shopping center. After a lengthy discussion, Chairman Field made the motion that, due to the present expansion plan of the shopping center with its close proximity to the housing site and the resulting detrimental noise impact, and the access road, the Board not further encourage the development of this housing project until such time as an acceptable shopping center plan is presented and approved by the Board. The motion was seconded by Commissioner Hebard and unanimously approved.

2. Rutland - Ms. Thielen explained that Mr. Kohlhepp had received bids for construction of his 18-unit project which were higher than what he had estimated and that he has requested the Board approve a higher mortgage amount to cover the increase. She explained that the Agency had received results of their independent cost estimate and that the construction bid was justified. She also noted that by increasing the term of the mortgage from 30 to 40 years, the increased construction costs would not so severely affect the rent schedule.

Upon motion of Commissioner Shaw, seconded by Commissioner Ledbetter, the Board unanimously approved an increase in the mortgage commitment to \$535,729, a change in the term from 30 to 40 years and an appropriate rent adjustment.

3. Bradford - Director Hunt explained that, due to certain conditions of the HUD grant, the special services being provided to the tenants and the plan to make all units accessible to handicapped tenants, the Low-Prichard Foundation has requested a mortgage increase and resultant rent adjustment. The Board expressed concern about the use and income potential of the attached Prichard House and made it clear that, as mortgage holder, the Agency would require review and approval of any proposed use of the House.

Upon motion of Commissioner Hebard, seconded by Commissioner Shaw, the Board unanimously approved increasing the mortgage commitment from \$187,633 to no more than \$230,720.

4. Poultney - Mr. Dickson explained that the Browns have fulfilled all requirements necessary for issuance of a Letter of Intent. Commissioner Hebard made the motion to approve issuance of a Letter of Intent for the Poultney project. Commissioner Shaw seconded the motion and it passed with Mr. Gardner abstaining and Chairman Field voting nay.

5. Burlington - Ms. Thielen presented the Derrick Davis 3-unit family proposal at 20-28 King Street. After some discussion, Commissioner Ledbetter made the motion, seconded by Commissioner Shaw, to deny approval of the 3 bedroom scheme due to the inadequacy of the size of the apartments. Commissioner Shaw seconded the motion and it passed unanimously.

Commissioner Ledbetter then made the motion to approve conceptually the 3-unit Burlington proposal as a 2-bedroom scheme. Chairman Field seconded the motion and it passed unanimously.

The Board next discussed the merits of requiring tenants to pay their own utility costs and giving them an allowance in their rents. The Board agreed that such a scheme would create the incentive to conserve energy and would therefore override any administrative problems caused by it. Chairman Field made the motion that, for the Burlington family proposal, the Board tentatively require that utility costs be borne by the tenants and the rents be adjusted accordingly. The motion was seconded by Commissioner Gardner and unanimously approved.

Director Hunt then asked the Board's approval to allow three staff members to go to the Annual Meeting of the Council of State Housing Agencies to be held in Denver, Colorado on December 6, 7, 8 and 9. Upon motion of Commissioner Gardner, seconded by Commissioner Shaw, the Board unanimously approved the allocation of \$1,500 to attend the meeting.

Director Hunt next showed the Commissioners a sample of T-111 siding which Mr. Wishcamper wanted to use on his Middlebury family housing project. It was the general consensus of the Board that they did not like the siding and felt that the siding chosen should be of comparable value to that which he originally proposed.

The Board agreed to next meet November 3rd at 9:00 a.m. in the VHFA Office to discuss and authorize the form of the Multifamily Official Statement.

The meeting was adjourned at 1:25 p.m. upon motion of Chairman Field, seconded by Commissioner Shaw, and unanimously approved.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
Chairman

November 11, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
November 17, 1977 - 1:30 P.M.
2nd Floor - Administration Building - Montpelier

1. Approval of minutes of November 3, 1977 Commission Meeting.
2. Adoption of Vermont Housing Finance Agency Series B Resolution authorizing the issuance and sale of approximately \$9,510,000 Multifamily Mortgage Bonds, 1977 Series B.
3. Consideration of delegation of authority to Deputy Director.
4. Discussion of possible legislation for upcoming legislative session. (Drafts to be mailed separately)
5. Adoption of new letterhead.
6. Any other business to come before the Board.

- (1) The developers must have curbs, along with suitable landscaping and sidewalks, on both sides of the entrance road which will extend from the entrance at Washington Street down for a minimum distance of 150 feet.
- (2) Beginning with the center line of the fifty foot right-of-way from Washington Street and extending straight down to Irene Brown's property, the developers must obtain a covenant in the deed from Mr. Abrams that at no time in the future will buildings be located east, northeast of that line (bearing S31 - 40' E) shown in the plans dated September, 1977, #1.

Commissioner Simson then made the motion that, subject to the satisfaction of the above conditions, the Board approve issuance of a Letter of Intent to Messrs. Beckwith and Bicknell for the Middlebury 40-unit project. The motion was seconded by Commissioner Gardner and passed unanimously.

Next Chairman Field said it was necessary to approve the form and authorize the distribution of the Preliminary Official Statement entitled "Multi-Family Mortgage Bonds, 1977 Series B". Director Hunt recommended that the Middlebury project be included in the bond issue but should be withdrawn if HUD did not approve the project along with the others.

Commissioner Ledbetter introduced the following Resolution:

RESOLVED;

1. The Commissioners of the Vermont Housing Finance Agency have before them draft copies of the Preliminary Official Statements entitled Multifamily Mortgage Loan Bonds, 1977 Series B.
2. The Commissioners hereby approve the drafts in the form as presented with such changes as the Executive Director and Bond Counsel may subsequently approve.
3. The VHFA Commissioners hereby authorize the Underwriters, The First Boston Corporation and E.F. Hutton, to distribute copies of the Preliminary Official Statements to prospective purchasers of the bonds.

Commissioner Hebard seconded the Resolution and it was approved unanimously.

Mr. Dickson next discussed the cost estimating procedure used to establish value on the Agency Multifamily projects. He indicated that numerous problems were being encountered in the estimating procedure but that the staff believed the procedure was still valid. After some additional discussion, the Board confirmed the system being used and offered to meet with any builder dissatisfied with the procedure.

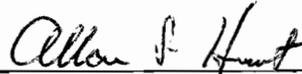
A discussion followed concerning the problem of individual developers wanting to assign their interests in a project to a limited partnership of which the same individuals are general partners. Since most Agency mortgages made to individual developers are recourse and most made to limited partnerships are non-recourse, Agency security might be affected.

Commissioner Gardner introduced a motion that in the event that developers proposed to change the ownership status after the Letter of Intent, but before the Permanent Mortgage in such a way that it would reduce our recourse, such a change would be subject to the approval of the Board. Commissioner Simson seconded the motion and it was adopted unanimously.

Commissioner Ledbetter suggested that the Agency staff develop proposed plans for future Agency activity and its possible scope. He also requested statistics on the number and value of mortgages purchased by bank and by branch.

It was agreed that the next meeting would be held sometime during the week of November 14th. Commissioner Ledbetter moved the meeting be adjourned, Commissioner Gardner seconded the motion, and the meeting was adjourned at 12:45 p.m.

Respectfully submitted,



Allan S. Hunt

Mr. Dickson next discussed the cost estimating procedure used to establish value on the Agency Multifamily projects. He indicated that numerous problems were being encountered in the estimating procedure but that the staff believed the procedure was still valid. After some additional discussion, the Board confirmed the system being used and offered to meet with any builder dissatisfied with the procedure.

A discussion followed concerning the problem of individual developers wanting to assign their interests in a project to a limited partnership of which the same individuals are general partners. Since most Agency mortgages made to individual developers are recourse and most made to limited partnerships are non-recourse, Agency security might be affected.

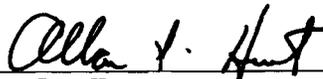
Commissioner Gardner introduced a motion that in the event that developers proposed to change the ownership status after the Letter of Intent, but before the Permanent Mortgage in such a way that it would reduce our recourse, such a change would be subject to the approval of the Board. Commissioner Simson seconded the motion and it was adopted unanimously.

Commissioner Ledbetter next moved to allow the transfer of ownership for the Rutland Project to a limited partnership with William Kohlhepp remaining as general partner. This approval was based on a report by the Director that the Agency recourse was limited in the first place. Commissioner Gardner seconded the motion and it was approved unanimously.

Commissioner Ledbetter suggested that the Agency staff develop proposed plans for future Agency activity and its possible scope. He also requested statistics on the number and value of mortgages purchased by bank and by branch.

It was agreed that the next meeting would be held sometime during the week of November 14th. Commissioner Ledbetter moved the meeting be adjourned, Commissioner Gardner seconded the motion, and the meeting was adjourned at 12:45 p.m.

Respectfully submitted,



Allan S. Hunt



VERMONT HOUSING FINANCE AGENCY

ALLAN S. HUNT
Executive Director

Andrew Field
~~XXXXXXXXXX~~
Chairman

December 16, 1977

AGENDA
for the Vermont Housing Finance Agency
Commission Meeting
December 22, 1977 - 2:00 P.M.
2nd Floor - Vermont Housing Finance Agency

1. Approval of minutes of November 17, 1977 meeting, including modification of minutes of November 3, 1977 meeting.
2. Adoption of proposed rules for Group Homes for the Elderly, Handicapped or Developmentally Disabled (sent previously - no changes proposed).
3. Status of current multifamily developments and prospects for 1978.
4. Status report on Home Improvement Loan Program.
5. Adoption of amendment to bylaws pertaining to Deputy Director.
6. Adoption of interim energy "guidelines".
7. Discussion of legislative issues.
8. Any old or new business to come before the Board.

The Commissioners then turned to the Multifamily Mortgage Bonds, 1977 Series B. Mr. Ingalls presented and described the Series Resolution. The only substantive change from previous drafts is the reduction in total amount of bonds authorized from \$9,510,000 to \$8,800,000. This reduction reflects the elimination of the FHA-insured family project in Montpelier from the issue. Executive Director Hunt explained that the project was dropped from this issue because of a conflict between the FHA mortgage note form and the Agency's Multi-Family Mortgage Bond Resolution adopted on February 3, 1977 (the "General Resolution"). Hunt said that the Agency is exerting its best efforts to get the FHA note form modified, but that there were two additional options: amending the General Resolution, and issuing a separate bond specifically backed by the FHA-insured project. The Commissioners agreed that all three options should be pursued.

Mr. Ingalls pointed out a typographical error on page 2 of the Series Resolution: under the definition of "Serial Bonds", the number "1979" should read "1997". Mr. Ingalls proceeded through the Series Resolution page by page and summarized its contents.

Mr. Gurley of First Boston Corporation recommended that Manufacturer's Hanover Trust Company be designated a Paying Agent and their name be inserted on page 4 of the Series Resolution and at appropriate places in the bonds and in the Official Statement. Commissioner Shaw moved to accept the recommendation of First Boston Corporation and designate Manufacturer's Hanover Trust Company as Paying Agent for the 1977 Series B bonds. Chairman Field seconded the motion and it was adopted unanimously.

Mr. Ingalls pointed out that by adopting the Series Resolution the Agency would also authorize execution of the Contract of Purchase and distribution of the Official Statement with such changes as are deemed advisable by the Chairman, Vice Chairman or Executive Director.

Mr. Gurley presented the Official Statement and discussed some of its contents. He reported on current market conditions and stated that the Net Interest Cost will be approximately 6.245 percent. He reported that the Term Bonds are being offered at a discount, which is reflected on the cover and page 17 of the Official Statement.

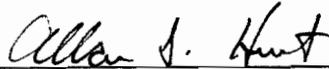
Commissioner Shaw moved adoption of the 1977 Series B Resolution authorizing the issuance and sale of \$8,800,000 Multi-Family Mortgage Bonds, which was adopted unanimously. A copy of the Series Resolution is attached.

The Commissioners briefly discussed the Agency's posture toward the 1978 legislative session. Commissioner Myette related his conversations with Senator Leahy and his own views on the subject of the Agency's bond ceiling, stating it should be raised. Chairman Field suggested that the Agency should furnish legislators with a one-page summary of the location, number of units, and dollar amount of Agency-financed housing, by Town.

Mr. Hunt proposed the creation of two additional work-spaces on the second floor of the Agency's offices, plus the installation of additional lighting. Chairman Field moved that the lighting be installed under an agreement by which the landlord, BEAM, will buy the installation from VHFA if and when the Agency vacates the building. Commissioner Gardner seconded the motion and it was adopted unanimously.

Commissioner Gardner moved adjournment, Chairman Field seconded the motion, and the meeting was adjourned.

Respectfully submitted,



Allan S. Hunt

\$8,800,000

VERMONT HOUSING FINANCE AGENCY
MULTI-FAMILY MORTGAGE BONDS, 1977 SERIES B

CONTRACT OF PURCHASE

November 17, 1977

VERMONT HOUSING FINANCE AGENCY
P. O. Box 408
Burlington, Vermont 05401

Dear Sirs:

The undersigned (hereinafter called the "Purchasers"), offer to enter into this Contract of Purchase with you (hereinafter called the "Agency") which, upon your acceptance of this offer, will be binding upon the Agency and the Purchasers. This offer is made subject to acceptance by the Agency at or prior to 5:00 P.M., New York time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchasers upon written notice delivered to the Agency at any time prior to acceptance by the Agency.

1. Purchase and Sale of the Bonds. On the basis of the representations, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Purchasers agree, jointly and severally, to purchase from the Agency, and the Agency hereby agrees to sell to the Purchasers, at a purchase price of 98.1762% of the principal amount thereof plus accrued interest from November 15, 1977 to the Closing Date (as hereinafter defined), all (but not less than all) of \$8,800,000 aggregate principal amount of Vermont Housing Finance Agency Multi-Family Mortgage Bonds, 1977 Series B (hereinafter called the "Bonds"). The Bonds shall be issued under the Multi-Family Mortgage Bond Resolution (the "General Resolution"), adopted by the Agency and dated February 3, 1977, and the Series Resolution Authorizing the Issuance and Sale

of \$8,800,000 Multi-Family Mortgage Bonds, 1977 Series B (the "Series Resolution"), to be adopted by the Agency and dated November 17, 1977, substantially in the form attached as Exhibit A hereto (the General Resolution and the Series Resolution being hereinafter sometimes collectively referred to as the "Resolutions"), and shall be dated, and shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in the final official statement of the Agency dated November 17, 1977, substantially in the form attached hereto as Exhibit B (hereinafter, together with the cover page and the reverse thereof and any and all appendices, exhibits, reports and summaries included therein or attached thereto, called the "Official Statement").

2. Good Faith Deposit. The Purchasers have delivered to the Agency's agent, as a good faith deposit for the performance by the Purchasers of their obligation to accept and pay for the Bonds at the Closing in accordance with this Contract of Purchase, a certified or official bank check or checks payable to the order of the Agency in New York Clearing House funds in the amount of \$95,100 for deposit in its Vermont Housing Finance Agency Special Account held by such agent after the Agency's acceptance of this offer. In the event that the Agency does not accept this offer, such check shall be promptly returned to the Purchasers uncashed. If this offer is accepted, such check may be cashed provided that the proceeds are held in such Special Account. In the event of the Agency's failure to deliver the Bonds on the Closing Date, or if the Agency shall not satisfy the conditions to the obligations of the Purchasers contained in this Contract of Purchase, or if the obligations of the Purchasers shall be terminated for any reason permitted by this Contract of Purchase, such good faith deposit, together with any interest earned thereon, shall be immediately returned to the Purchasers. In the event that the Purchasers fail (other than for a reason permitted hereunder) to accept and pay for the Bonds on the Closing Date as herein provided, such good faith deposit, together with any interest earned thereon, shall be retained by the Agency as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Purchasers.

3. Delivery of the Bonds. The Agency will deliver the Bonds to the Purchasers against payment of the balance of the purchase price therefor, after deducting the portion of the purchase price paid by the good faith deposit of \$95,100 referred to in Section 2, by certified or official bank check or checks drawn to the order of the Agency in New York Clearing House funds at the office of Hawkins, Delafield & Wood, 67 Wall Street, New York, N.Y. at 10:00 A.M., New York time, on December 1, 1977 or at such other time not later than seven full business days thereafter as the Purchasers and the Agency determine, such time being herein referred to as the "Closing Date". Notwithstanding the foregoing, if the Agency prepares an amendment or supplement to the Official Statement pursuant to paragraph (d) of Section 4, the Closing Date may be postponed by the Agency to the fourth day after the preparation thereof or such other time as the Purchasers and the Agency determine. The Bonds so to be delivered will be in definitive coupon form and, to the extent requested by the Purchasers at least forty-eight hours prior to the Closing Date, registered as to principal in such names as the Purchasers specify and in fully registered form in such denominations and registered in such names as the Purchasers specify, and will be made available for checking and packaging at the above office at least twenty-four hours prior to the Closing Date.

4. Representations, Warranties and Covenants of the Agency. The Agency covenants and agrees with the Purchasers that:

(a) The Agency hereby confirms that it has heretofore delivered to the Purchasers four copies of a preliminary form of official statement, dated November 4, 1977 (hereinafter, together with the cover page and the reverse thereof and any and all appendices, exhibits, reports and summaries included therein or attached thereto, called the "Preliminary Official Statement"), and authorized the distribution of copies thereof to prospective investors. Each person named in

the Preliminary Official Statement as having prepared or examined any report, financial statements or other data therein has consented to being so named.

(b) Promptly after acceptance hereof by the Agency, the Agency shall deliver or cause to be delivered to the Purchasers four copies of the Official Statement, with only such changes therein from the Preliminary Official Statement as shall have been agreed to by the Purchasers, signed on behalf of the Agency by an authorized officer, and including as Appendix I the financial statements of the Agency together with the report thereon of Haskins & Sells, signed by that firm. The Agency hereby authorizes the Official Statement and the information contained therein to be used in connection with the public offering, sale and distribution of the Bonds.

(c) The Agency represents and warrants to and agrees with each of the Purchasers that at the date thereof and at the Closing Date, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which the Official Statement is to be used or which is necessary in order to make statements contained therein, in the light of the circumstances under which they were made, not misleading.

(d) The Agency will advise the Purchasers promptly of any proposal to amend or supplement the Official Statement, or any part thereof. The Agency will advise the Purchasers promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. If at any time within 90 days of the date hereof when, in the opinion of the Purchasers, an Official Statement should be delivered in connection with offers or sales of the Bonds, an

event occurs as a result of which the Official Statement as then amended or supplemented would contain an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, the Agency promptly will prepare an amendment or supplement which will correct such statement or omission.

(e) The Agency will furnish or cause to be furnished to the Purchasers, as soon as available, copies of the Official Statement, and all amendments and supplements thereto, in such quantities as the Purchasers may reasonably request; provided, however, that the Agency's expenses in connection with the printing of such documents shall be paid as provided in paragraph (g) of this Section 4.

(f) The Agency will assist, if necessary, in the qualification of the Bonds for sale under the laws of such jurisdictions as the Purchasers designate and will assist, if necessary therefor, in the continuance of such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Agency shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state or to comply with any other requirements deemed by the Agency to be unduly burdensome.

(g) The Agency will pay, or cause to be paid, from the proceeds of the Bonds or other funds available to it all expenses incident to the performance of its obligations under this Contract of Purchase and the fulfillment of the conditions imposed hereunder, including but not limited to the cost of preparing, printing, engraving and delivering the Bonds, and the Resolutions; the cost of preparing and printing up to 2,500 copies each of the Preliminary Official Statement and Official Statement, and any

amendment or supplement thereto; and the fees and expenses of counsel for the Agency and Bond Counsel (as hereinafter defined); and the Agency will reimburse the Purchasers for any fees charged by investment rating agencies for the rating of the Bonds.

5. Conditions of the Obligations of the Purchasers. The obligations of the Purchasers to purchase and pay for the Bonds are subject to the accuracy of the representations and warranties of the Agency herein, to the accuracy of the statements of Agency officers made pursuant to the provisions hereof, to the performance by the Agency of its obligations hereunder and to the following additional conditions precedent:

(a) At the Closing Date the Series Resolution shall have been duly authorized and adopted by the Agency and the Resolutions shall be in full force and effect, and shall not have been amended, modified or supplemented subsequent to your acceptance hereof, except as may have been agreed to in writing by the Purchasers, and there shall have been taken all such actions as, in the opinion of Messrs. Hawkins, Delafield & Wood, Bond Counsel ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Bonds and with the transactions contemplated hereby, including the adoption of any other resolutions (the "Additional Resolutions") and no default or event of default as defined in the Resolutions shall have occurred and be continuing, and no event shall have occurred and be continuing which with the lapse of time or the giving of notice or both would constitute such a default or event of default;

(b) Subsequent to the execution of this Contract of Purchase and prior to the Closing Date: (i) there shall not have been rendered any decision by a court of the United States or the United States Tax Court, nor any ruling or regulation (final, temporary or proposed) by or on behalf of the Treasury Department of the

United States, the Internal Revenue Service or other governmental agency issued and, in the case of any such regulation, published in the Federal Register, nor legislation enacted by or favorably reported to either the House of Representatives or the Senate or formally proposed to Congress by the President in an executive communication, with respect to Federal taxation upon interest received on bonds of the type and character of the Bonds which, in the reasonable judgment of the Purchasers, seriously affects the market for the Bonds or the sale, at the contemplated public offering prices, by the Purchasers of the Bonds, provided that this clause (i) shall not apply to the making, issuance, publication or republication of any such regulation relating to interest on industrial development bonds under section 103(b) of the Internal Revenue Code or to the making, issuance or publication of any such regulation relating to interest on arbitrage bonds under section 103(c) of the Internal Revenue Code, which, if adopted, would not, in the opinion of Bond Counsel, cause interest on the Bonds to be includible in the gross income of the recipients thereof for Federal income tax purposes; (ii) the United States shall not have become engaged in hostilities which shall have resulted in a declaration of war or a national emergency; (iii) there shall not have occurred a general suspension of trading on the New York Stock Exchange; and (iv) a general banking moratorium shall not have been declared by United States, New York State or Vermont State authorities;

(c) At the Closing Date the Agency shall have performed all of its obligations required under or specified in this Contract of Purchase, the Official Statement and under the Resolutions and the Additional Resolutions, if any, to be performed at or prior to the Closing Date;

(d) At the Closing Date there shall be no litigation pending against the Agency, nor shall any legislation have been enacted, contesting or revoking the

valid existence of the Agency, the right and power of the Agency to issue and sell the Bonds as herein provided or the validity of the Bonds and the pledge of the moneys, funds and accounts of the Agency for the benefit of the Bonds as provided in the Resolutions and the Additional Resolutions, if any, except any such litigation as, in the opinion of Bond Counsel, is without merit; and

(e) The Purchasers shall have received the following documents:

(i) The unqualified approving opinion, dated the Closing Date, of Bond Counsel, substantially in the form attached to the Official Statement as Appendix IV;

(ii) A supplementary opinion, dated the Closing Date, of Bond Counsel, to the effect that (A) the Bonds and the Resolutions conform as to form and tenor with the terms and provisions thereof summarized in the Official Statement, (B) this Contract of Purchase has been duly authorized, executed and delivered by the Agency and constitutes a valid and legally binding obligation of the Agency in accordance with its terms, (C) it is not necessary in connection with the public offering and sale of the Bonds to register any security under the Securities Act of 1933 or to qualify any indenture under the Trust Indenture Act of 1939, (D) such counsel has no reason to believe that the Official Statement (except for Appendix I thereto, as to which such counsel need express no opinion), or any amendment or supplement thereto required by paragraph (d) of Section 4, as of their respective dates, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (E) no authorization, approval, consent or

other order of any governmental authority is required for the valid authorization, execution, issuance, sale or delivery of the Bonds by the Agency and the valid authorization and adoption by the Agency of the Series Resolution, the Additional Resolutions, if any, and this Contract of Purchase;

(iii) An opinion with respect to matters of Vermont law only, dated the Closing Date, of Messrs. Villa & Hirst, counsel for the Agency, to the effect that: (A) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Official Statement, (B) this Contract of Purchase has been duly authorized, executed and delivered by the Agency and constitutes a valid and legally binding obligation of the Agency, (C) based on materials furnished to such counsel, which materials such counsel believes to be sufficient for the purpose of rendering his opinion, the Agency has duly performed all obligations to be performed by it on or prior to the Closing Date pursuant to this Contract of Purchase, the Resolutions and the Additional Resolutions, if any, (D) such counsel has no reason to believe that the Official Statement (except for Appendices I and III thereto, as to which such counsel need express no opinion), or any amendment or supplement thereto required by paragraph (d) of Section 4, as of their respective dates, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, (E) the descriptions in the Official Statement of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information shown, and such counsel does not know of any legal

or governmental proceedings or of any contracts or documents which should be described in the Official Statement which are not fairly described therein, (F) no authorization, approval, consent or other order of any governmental authority is required for the valid authorization, execution, issuance, sale or delivery of the Bonds by the Agency and valid authorization and adoption by the Agency of the Series Resolution, the Additional Resolutions, if any, and this Contract of Purchase, (G) the execution and delivery by the Agency of the Bonds, the Series Resolution, the Additional Resolutions, if any, and this Contract of Purchase and the fulfillment of the terms and provisions thereof and of the General Resolution will not result in a breach of or constitute a default under the by-laws of the Agency or any indenture, mortgage, resolution, agreement or other instrument to which the Agency is a party or by which it is bound or to which any of its property is subject or any order, rule or regulation applicable to the Agency of any court or other governmental body, and (H) they have examined the forms of the note and of the first mortgage deed and security agreement constituting the mortgage loans (the "Mortgage Loans") and the form of regulatory agreement incorporated therein entered or proposed to be entered into by the Agency with the owner of each of the developments listed in Appendix II to the Official Statement, and such Mortgage Loan, incorporating such regulatory agreement, creates or, when duly authorized, executed and delivered by such owner, will create a valid first lien on the properties described therein and constitutes or, when duly authorized, executed and delivered by such owner, will constitute, a valid and legally binding instrument enforceable by the Agency in accordance with its terms (in rendering such opinion, such counsel need not make a title search of the properties referred to in item (H) and need render no opinion as to the requirement

of registration of the Bonds under the Securities Act of 1933 or under the similar provisions of any state statute or regulation and such counsel need render no opinion as to any matter of federal law);

(iv) A certificate or certificates, dated the Closing Date, signed by an appropriate officer of the Agency and in form and substance satisfactory to the Purchasers, in which such officer states, to the best of his knowledge after reasonable investigation, that the representations and warranties of the Agency in this Contract of Purchase are true and correct as of the Closing Date as though made on and as of the Closing Date; that the Agency has complied with all agreements, covenants and arrangements and satisfied all conditions on its part to be complied with or satisfied at or prior to the Closing Date; that no default or event of default as defined in the Resolutions has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice or both would constitute such a default or event of default; that neither the Official Statement, nor any amendment or supplement thereto required by paragraph (d) of Section 4, as of the respective dates, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; that, subsequent to the date of the most recent financial statements in the Official Statement, there has been no material adverse change in the financial position or results of operations of the Agency except as set forth or contemplated in the Official Statement; and that no litigation of the type described in paragraph (d) of this Section 5 is pending or, to the knowledge of the signer of such certificate, threatened except any such litigation as, in the

opinion of Bond Counsel accompanying such certificate, is without merit; in giving such certificate or certificates, said officer may (but need not) rely, as to information contained in the Official Statement relating to the Vermont State Housing Authority, upon a certificate of a responsible officer of such Authority a copy of which shall be delivered to the Purchasers;

(v) A letter, dated the Closing Date, of Haskins & Sells, confirming that with respect to the Agency they are independent public accountants within the meaning of Rule 1.01 of the Code of Professional Ethics of the American Institute of Certified Public Accountants and stating in effect that on the basis of a reading of the latest available interim financial statements of the Agency, inquiries of officers of the Agency responsible for financial and accounting matters and other specified procedures, nothing has come to their attention that caused them to believe that (A) the unaudited financial statements of the Agency included in Appendix I to the Official Statement are not fairly presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements of the Agency included in Appendix I to the Official Statement, (B) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than five days prior to the Closing Date, there was any change in the notes or bonds payable of the Agency or, at the date of the latest available balance sheet read by such accountants, there were any decreases in fund balances (or increases in deficiency) as compared with amounts shown on the latest balance sheet included in the Official Statement or (C) for the period from the closing date of the latest statement of revenues, expenses, and changes in fund balances in the Official Statement to the

closing date of the latest available statement of revenues, expenses, and changes in fund balances read by such accountants, there were any decreases, as compared with the corresponding period of the preceding year, in total revenues or in excess of revenues over expenses (or increases in deficiency of revenues over expenses), except in all cases for changes, decreases or increases which the Official Statement discloses have occurred or may occur or which are described in such letter;

(vi) Such additional certificates, opinions or documents as the Purchasers reasonably request to evidence the due satisfaction at or prior to the Closing Date of all conditions then to be satisfied in connection with the transactions contemplated hereby; and

(vii) Such opinion or opinions, dated the Closing Date, of Sullivan & Cromwell, counsel for the Purchasers, with respect to the Bonds, the Official Statement and other related matters as the Purchasers may require, and the Agency shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Sullivan & Cromwell may rely as to all matters of Vermont law, including the creation and powers of the Agency, upon the opinion of Messrs. Villa & Hirst, delivered pursuant to Section 5(e)(iii) hereof.

The Agency will furnish the Purchasers with such conformed copies of such opinions, certificates, letters and documents as the Purchasers reasonably request. If the Agency shall be unable to satisfy any condition of the obligations of the Purchasers contained in this Contract of Purchase and the satisfaction of such condition shall not be waived by the Purchasers, this Contract of Purchase shall terminate and neither the Purchasers nor the Agency shall have any further obligations or liabilities hereunder except

as provided in Section 6 and except that the good faith deposit, together with any interest earned thereon, referred to in Section 2 shall be returned to the Purchasers by the Agency.

6. Survival of Certain Representations and Agreements. The respective agreements, representations, warranties, covenants and other statements of the Agency and its officers and of the Purchasers set forth in or made pursuant to this Contract of Purchase will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Purchaser or the Agency, and will survive delivery of any payment for the Bonds. If for any reason the purchase of the Bonds by the Purchasers is not consummated, the Agency shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4.

7. Notices. Any notice or other communication to be given to the Agency under this Contract of Purchase may be given by mailing or delivering the same to Vermont Housing Finance Agency, Post Office Box 408, Burlington, Vermont 05401, and any such notice or other communication to be given to the Purchasers may be given by mailing or delivering the same in care of The First Boston Corporation, 20 Exchange Place, New York, New York 10005.

8. Representation of Purchasers. Any action under this Contract of Purchase taken by The First Boston Corporation will be binding upon the Purchasers.

9. Personal Liability. Neither the commissioners of the Agency nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Purchasers with any liability, or be held liable to the Purchasers under any terms or provisions of this Contract of Purchase, or because of any breach, or attempted or alleged breach, hereof.

10. Successors. This Contract of Purchase will inure to the benefit of and be binding upon the parties hereto and their respective successors, and no other person

shall acquire or have any right or obligation under or by virtue of this Contract of Purchase.

11. Governing Law. This Contract of Purchase shall be construed and enforced in accordance with the laws of the State of Vermont.

THE FIRST BOSTON CORPORATION

By *William S. Smith*
Vice President

E.F. HUTTON & COMPANY INC.

By *Charles H. Zwick*

Accepted: November 17, 1977

VERMONT HOUSING FINANCE AGENCY

By *Allan J. Hunt*
Executive Director