Bennington College

To Susan Lewis, Joe Murphy

Date May 8, 1981

From Becca (Read by JV)

Re: Telephone Conversation Among JV, RBS, NW and PG on 5/7/81

JV. If the College donates the land would it be donating to a partnership?

PG. The donation of the land would fulfill the equity requirement for a limited partnership under FITA rules. The required 5% minimum down payment would be satisfied by the land donation. John E., the College and Pam would set up the partnership. We could sit down for an hour, talk it all over and agree on the partnership terms.

JV. 20 years hence could the land revert to the College?

PG. Were there to be a 50 year mortgage it could be structured so that at the end of 20 years the other partners would donate the land back to one partner - i.e., the College.

John and I and someone representing the College should put something together.

JV. Who manages and handles maintenance?

PG. I would have my company oversee one person who would probably be local. I would want to use my own architect.

JV. When we build the units will we be looking for renters or purchasers to fill them?

PG. The best way to start is with a sure thing. Renting is a sure thing. At a later point one could go to condominium arrangements.

JV. Are there restrictions about those who can rent?

PG. Those under a certain income qualify for a subsidy. Those over, pay the full freight--including utilities. The family of two with an income of under $15,000 probably qualifies for a subsidy.

JV. How many units would be built at one time--or are they built in phases?

PG. FH allows immediately a 1.5 million mortgage which floats about 40 units. That would be the first phase. If the development turns out to be a good thing another 40 units might be built. One figures 10 units per acre, therefore, 6 acres exceeds minimum requirements.

JV. Would there be any major requests of the town?

PG. Would there be anything in zoning statutes which would interfere with an access road?

JV. What about taxes?

PG. The development can pay taxes.

There are two basis:

1. Based on replacement value
2. Based on ability to pay income (income guessed)

If the property reverted to the College, the ability to pay income would be best.

JV. You mentioned a payback of $200,000 per years. Is that gross, lump sum and/or more to come?

PG. There would be the possibility of $200,000 cash flow. Under a limited partnership, 20% of the mortgage comes to $300,000. There would be a 3% fee for start-up account. There would be fees for lawyers and underwriter. It will cost $75 - $100,000 to get going and subsequently $10,000 income to College. Will check.

JV. How much equity for the investors?

PG. 95% tax loss benefit and 50% ownership for owners other than the College.

Everything P.G. said dependent on Vermont law and local zoning. She was not informed on either at the time of this conversation.

Follow up:

1. Gleichsman to write a more comprehensive proposal.

2. Becca and Jim to contact L. Powers or F. Welling regarding acceptance in No. Bennington and zoning, water and sewer requirements.

3. Becca to talk with Bob Woodworth re soil conditions of right pasture.

4. After JV receives Gleichsman letter, will discuss with Nate Williams and Becca. Told Gleichsman need for a presentation to the Board (possibly June) to receive authorization for the next step.

4. PG will send photographs of Dicksfield development.

6. Nate to send area maps to PG.

RBS:cp