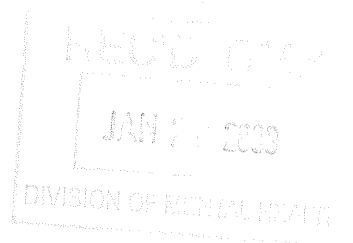


Administrative/CRT/DS
275 Brooklyn Street
(802) 888-5026
Fax (802) 888-6393

Children, Youth & Family Services/
Out-Patient Clinic
520 Washington Highway
Morrisville, VT. 05661
(802) 888-4914
Fax (802) 888-5916



January 13, 2009

Mr. Frank Reed
Director of Mental Health Operations
Department of Mental Health
108 Cherry Street
Burlington, VT 05402

Re: Letter of Intent to Renovate the Harrell Street Facility

Dear Frank,

Please accept this "Letter of Intent" on behalf of the Board of Directors and Management of Lamoille County Mental Health Services, Inc. outlining the agency's intent to renovate the owned 30,000 square foot facility located on Harrel Street in Morrisville, VT. We purchased the facility in August of 2008 with the intent of consolidating our Mental Health Services, Developmental Services and Administrative Programs. This has been the goal of the Board of Directors, Management and Staff over the past several years. Currently we lease space on Brooklyn Street, Main Street and Harrell Street. The lease properties are inadequate and do not meet the needs of our programs. Besides the over crowding of staff in offices the issue of access for our consumers is compromised as we are spread out geographically. In addition there is a long term financial burden as increases in leases and operation costs escalate. Being that we have purchased the facility out right for \$900,000 we anticipate a substantial positive impact on our operating and overhead costs.

We are at the point where we desire to complete the renovations and start to realize the programmatic efficiencies and cost effective benefits of having all services and programs under one roof. We are requesting the approval of \$550,000 to meet the renovation costs. While we anticipate the renovations will be closer to \$400,000 the additional amount is to cover any increased costs of materials or labor costs that may occur as we go through the Certificate of Approval (COA) process. The financing will be done through a commercial bank for which we have already been informed that financing will not be an issue.

I look forward to working with you on the COA process and look forward to the future with great expectations.

Sincerely,

A handwritten signature in black ink, appearing to read "William K. Alexander".

William K. Alexander, CEO