



**VERMONT ECONOMIC
DEVELOPMENT AUTHORITY**

Recovery Zone Facility Bonds



RECOVERY ZONE FACILITY BONDS

The Vermont Economic Development Authority (VEDA) was created by the General Assembly in 1974. Its purpose is to promote economic growth and increase employment through a variety of financing programs for eligible and qualified projects. The twelve members of the Vermont Economic Development Authority Board are Vermont residents, nine of whom are appointed by the Governor; the three ex-officio members are the State Treasurer, the Secretary of the Agency of Commerce and Community Development and the Secretary of the Agency of Agriculture.

PROGRAM – GUIDELINES

The Recovery Zone Facility Bond (RZFB) program is designed to aid businesses through VEDA's issuance of tax-exempt, low-interest bonds to provide funds for the acquisition of depreciable capital assets.

The application process is typically a two-step procedure requiring the Authority to approve an inducement resolution and also grant final approval. Significant capital expenditures made by the applicant prior to the Authority's adoption of an inducement resolution may jeopardize the tax-exempt status of the bonds. Prospective applicants are urged to contact VEDA early in the project planning phase to determine eligibility and discuss the application process in detail. In addition, the applicant is required to retain the services of bond counsel.

Issuance of the bonds implies no liability or pledge, direct or indirect, of the State of Vermont or the Vermont Economic Development Authority; therefore, marketability and placement of the bonds is entirely based on the creditworthiness of the applicant. Terms and security requirements are negotiated between the applicant and the bond purchaser.

Completed applications for RZFB inducements and final approvals are due at least three weeks prior to the Authority's scheduled monthly meeting. Principals of the applicant may be asked to attend the meeting to answer questions from members of the Authority. Meetings are open to the public. However, the Authority may vote to conduct a closed executive session if requested by the applicant to discuss market or trade secrets, or private financial information.

A commitment fee of $\frac{5}{8}$ of 1% of the bond amount is payable to the Authority at closing of an RZFB transaction. RZFB's must be issued by December 31, 2010. The maximum amount of an RZFB is generally \$25 million.

① SUMMARY PAGE

- a. Name of applicant, address and telephone number
- b. Total dollar amount of bonds requested
- c. Sources of funds for the project in addition to the bond funds
- d. Project costs:
 1. Land improvements (if depreciable)
 2. Building
 3. Machinery and equipment
 4. Professional fees (lawyers, accountants, architects, etc.)
 5. Other (contingency, construction interest, etc.)
 6. Total
- e. Prospective purchaser of bonds and bond terms
- f. Brief project description (see Section 4)
- g. Name, title and telephone number of individual who prepared this application
- h. Name, title and telephone number of individual who will be the primary contact with VEDA (if different than g.)
- i. Name and address of registered agent (legal representative for notification purposes) in Vermont
- j. Please provide DUNS number and e-mail address
- k. Signature and title of applicant; date of application

② PRINCIPALS

Personal resumes of all principals and/or officers, outlining education and employment history, particularly as it pertains to the present project. Include title and percent of ownership of each principal.

③ BUSINESS HISTORY

Narrative of business or corporate history.

④ PROJECT DESCRIPTION

Describe what is to be purchased or built with bond funds. This exhibit should include, but need not be limited to:

- a. Legal description of the building, physical description with diagrams and/or blueprints and any required rezoning or variances. Include purchase and sales agreement for the building (if applicable) and/or construction estimates.
- b. Description of machinery to be purchased. Include manufacturers' names and model numbers, price quotations, etc.
- c. Appraisal of existing building to be purchased performed by an appraiser acceptable to the Authority (if applicable).

- f. Schedule of disbursement of borrowed funds, unless the schedule is clearly indicated in the pro forma cash flow statement.
- g. Terms of interim financing (if any).

5 BUSINESS PLAN

The Business Plan should include, but need not be limited to, the following elements:

- a. Business environment:
 1. Size and character of the business' past, present and future market
 2. Principal competitors and their market shares
 3. Competitive advantage of applicant (e.g., price, performance, delivery, service, etc.)
- b. Marketing plan
- c. Production plan
- d. Organization of Management structure
- e. Business location, including consideration for:
 1. Labor pool
 2. Transportation
 3. Utilities
 4. Expansion possibilities

6 FINANCIAL PLAN

Provide detailed historical and projected financial information, including:

- a. Financial statements for the past three years including income statements, balance sheets and sources and uses of funds and associated footnotes.
- b. If the applicant is a subsidiary of, or affiliated with another corporation, supply financial statements for the parent corporation or affiliate for the last three years.
- c. Projected income and cash flow statements and balance sheets for the present fiscal year and three years forward. Start-up or development stage businesses should also provide a monthly cash flow statement for the first year or until the business is projected to reach break-even. List all material assumptions included in the projections
- d. Personal financial statements for all principals with ownership equal to or greater than 20% of the business.
- e. Sources and terms of funds to be borrowed for working capital and other planned purchase of other assets not included in the VEDA project.

7 PROJECT TIMETABLE

Timetable for completion of project. Include expected date of bond issuance.

8 PROJECT PLANS COMPLY CONFIRMATION

VEDA's enabling legislation limits financing for real estate projects to those which are able to establish compliance with applicable local and state environmental, zoning, planning and sanitary laws and regulations. The submission of an application for VEDA financing constitutes a representation that, to the best of the applicant's knowledge, the project and its plans will comply with all such laws and regulations. Prior to or contemporaneous with closing of a transaction, evidence such as an opinion of legal counsel or an engineer's or architect's certificate, as appropriate, shall be submitted establishing final project plan compliance with applicable laws and regulations.

9 EMPLOYEE COMPENSATION AND BENEFITS

In an attempt to gather more in-depth and accurate information on job creation, we request that the applicant provide certain information to assist VEDA in ascertaining its impact on and value to the Vermont economy. We understand that projected employment data is difficult to predict and that future employment data may not meet projections, but request that the applicant make a reasonable estimate of future employment that corresponds to its financial projections. (Please account for part-time employees on a full-time equivalent basis.)

Please complete the attached Employee Compensation and Benefits table.

10 BENEFITS TO LOCAL AREA

- a. Amount of local property tax and Vermont income tax paid by applicant prior to project and expected taxes on completion of project.
 - b. Other benefits to the area.
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1 1 BANKRUPTCY/LITIGATION

Details of any bankruptcy, receivership, compromises with creditors, pending litigation, criminal charges or criminal convictions other than minor motor vehicle violations, against the applicant, company, officers, directors or principal stockholders. If none, include a statement to that effect.

1 2 BANKING RELATIONSHIPS

Provide a list of all loan obligations which the business currently has outstanding, and for each loan indicate the original and current principal balance; the type of loan and collateral pledged; the terms and conditions thereof; and the name and telephone number of the loan officer.

1 3 CERTIFICATE OF AUTHORITY TO DO BUSINESS IN VERMONT

If applicant is an out-of-state domiciled company, include Certificate of Authority to do Business in Vermont.

1 4 VEDA FORM 4A

Findings of Planning Commission, Board of Selectmen or other appropriate body (required prior to request for final approval of the Authority if the project involves construction or renovation of real property).



Employee Compensation and Benefits

	Before Project (at time of application)	Within 3 Years
# of full-time hourly employees	_____	_____
Average hourly wage <i>without</i> benefits:	\$_____/hr	\$_____/hr
Average hourly wage <i>with</i> benefits:	\$_____/hr	\$_____/hr
# of salaried employees:	_____	_____
Average annual salary <i>without</i> benefits:	\$_____/yr	\$_____/yr
Average annual salary <i>with</i> benefits:	\$_____/yr	\$_____/yr
Employee benefits as % of total payroll:	_____%	_____%

	FY_____	FY_____	FY_____
Total payroll last three years:	\$_____	\$_____	\$_____

Please describe benefits offered to employees:

VEDA No. 4A

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

(To be completed by Municipal Planning Commission, Town Board of Selectmen or other appropriate municipal entity.)

Name of Board or Commission _____

Description of Proposed Project or Industrial Park _____

Municipality in which Proposed Project or Industrial Park is to be located _____

The undersigned _____

(Board or Commission)

of the City / Town of _____, Vermont, after a study of the proposed project site, a review of municipal ordinances and applicable land use plans and a general study of the effects of the Proposed Project or Industrial Park upon the municipality and region in which it is to be located, herewith submit the following findings at the request of the Vermont Economic Development Authority:

1. That the Proposed Project or Industrial Park (will) (will not) violate existing zoning ordinances, regulations or local land use plans, and will be located in a district zoned _____.
2. That the Proposed Project or Industrial Park (is) (is not) in accord with a duly adopted municipal land use plan.
3. That the Proposed Project or Industrial Park (will) (will not) involve unusual costs to the community.

If affirmative – estimate costs:

Water Mains \$ _____ Street Extension \$ _____

Sewer Mains \$ _____ Other costs (itemized) \$ _____

4. That the Proposed Project or Industrial Park (is) (is not) in the best interests of the community for the following reasons and (is) (is not) supported/approved by the above Board/Commission:

Date: _____

Signatures: _____

APPLICANT CERTIFICATION

I / We hereby certify that the information contained in our application for funding from the Vermont Economic Development Authority or any of its component units dated _____ is complete and accurate to the best of my/our knowledge, and authorize all inquiries deemed necessary to verify the accuracy of the information I/we have and will provide in connection therewith.

Applicant

Date

Applicant

Date

Applicant

Date