

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

December 8, 2017

A meeting of the Vermont Economic Development Authority convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on December 8, 2017 beginning at 9:31 a.m. Those Members of the Authority present were: D. Kurzman, Chair; M. Tuttle; B. Pearce; W. Patten; J. Snow; M. Schirling and E. Delhagen (designee for J. Tierney). Members L. Graves, T. Richards, T. Gallagher and D. Kittell participated via phone. Staff members present were: C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer; K. Kilpatrick, Administrative Assistant; M. Wheeler, Senior Commercial Loan Assistant; T. Porter, Director of Commercial Lending; S. Isham, Director of Agricultural Lending; J. Kimberly, Deputy Director of Agricultural Lending; C. Houchens, Chief Compliance and Loan Review Officer; R. Grzankowski, Director of Operations; Senior Loan Officers: S. Buckley, A. Curler, J. Conklin; Loan Officer E. Denny; and S. Anechiarico, Commercial Credit Analyst. M. Dussault, Senior Loan Officer and M. Corbett, Loan Officer participated via phone. C. Anderson, Senior Loan Officer and Loan Officers E. Paradee and C. Leonard entered the meeting later. Member A. Eastman (designee for A. Tebbetts) entered the meeting later.

Introduction of New Board Member

D. Kurzman introduced and welcomed Dana Kittell to the Board. D. Kurzman also thanked the Members for their hard work over this year and wished all a happy holiday.

At 9:32 a.m. C. Anderson entered the meeting.

Minutes of October 27, 2017 Meetings

On a motion by J. Snow, seconded by B. Pearce, the minutes for the October 27, 2017 Annual and Regular meetings were approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

Member Area Review

W. Patten opened the review stating the Lake Champlain Sailing Center, a non-profit, recently took possession of a facility on the Burlington waterfront. He explained the sailing center provides direct access to Lake Champlain for all, providing lessons, programs and more. This acquisition will allow the center to expand program offerings. He stated this was a very exciting time for both the sailing center and Burlington.

At 9:35 a.m. E. Paradee and C. Leonard entered the meeting.

B. Pearce stated the Treasurer's Office is tracking the National Association of State Treasurers (NAST) related bond legislation and provided the Members with a list of those pieces of legislation. C. Polhemus added there was a recent article in *The Bond Buyer* describing the uncertainty regarding the fate of public activity bonds. She noted VEDA has submitted letters to our representatives making our opinion known; bonds have served as a good financing tool for economic development in Vermont.

At 9:39 a.m. A. Eastman entered the meeting.

Volume Report and Pipelines

C. Polhemus noted there was no CEO's Report this month as R. Bradley has been out as planned; only the Volume Report and Pipelines were provided to the Members. She noted R. Bradley is expecting to be back next week.

Board Financial Summary

D. Carter explained financing approved for the first four months of FY2018 totaled \$42.482 million – \$11.215 million above budget and \$20.116 million above the same period of FY2017. Loans closed during the first four months of FY2018 totaled \$131.470 million – \$23.280 million above budget and \$108.844 million above the same period of FY2017.

D. Carter explained Operating Income before fair value adjustment for the first four months of FY2018 totaled \$578,100 and was favorable to budget by \$819,800. Investment Income was favorable to budget by \$11,400. Other Income was favorable to budget by \$143,100.

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Staff Authority – Loan Approvals

Staff presented the Members with the Internal Loan Approval memo.

M. Tuttle inquired about one of the loans. T. Porter explained the loan would allow for the repurposing of a structure into a combination of housing and commercial space.

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs

Staff presented the Members with the Internal Other Affiliate Programs memo.

Health Care and Rehabilitation Services, Inc. – Springfield – Subchapter 4 IRB Inducement and Final – \$8,740,000

<u>Project Costs</u>		<u>Project Funding</u>	
\$9,476,207	Payoff Existing Series 2006 Bonds	\$8,771,002	MCMR Series C 2017 VEDA Tax Exempt Bonds 3.5% interest, 16.5 year term
		215,000	MCMR Series D 2017 VEDA Taxable Bonds 2.5% interest, 6 month term
		5,150	Accrued Interest
\$ 100,000	Debt Service Reserve		
<u>\$ 377,814</u>	Estimated Costs of Issuance	\$675,696	Transfer from Prior Issue Reserve Funds
		<u>\$287,173</u>	Transfer from Prior Bond Issue Accounts
<u>\$9,954,021</u>	Total Project Costs	<u>\$9,954,020</u>	Total Project Funding

S. Buckley explained Health Care & Rehabilitation Services, Inc. of Springfield is requesting the inducement and final approval of a \$8,740,000 Subchapter 4 IRB loan.

After discussion regarding health care funding, bond purchasers, rates and the reasons for this request, on a motion by J. Snow, seconded by B. Pearce, the following inducement and final

resolutions were approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Inducement Resolution

WHEREAS, Health Care and Rehabilitation Services of Southeastern Vermont, Inc. (hereinafter with any parent corporation, subsidiary or other business affiliate referred to as the “Company”) is a 501(c)(3) charitable organization exempt from income tax under the Code and as such, is eligible for tax-exempt financing under the United States Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, Company has proposed the financing and refinancing of certain eligible facilities in the Town of Springfield described in the Company’s application to the Authority for financing and consisting generally of the following (the “Project”):

- (A) Refinance debt originally issued in 2006 by the Vermont Educational and Health Building Financing Agency (VEHBFA) to finance the (i) acquisition, construction, equipping and renovation of a 30,000 sq. ft. building at 390 River Street, Springfield, Vermont and (ii) renovations at 49 School Street, Hartford, Vermont to consolidate space previously leased for the Company’s programs offered in the White River Junction area; and
- (B) Finance a reserve account for the Company and pay a portion of costs of issuance.

WHEREAS, the estimated cost of the Project is approximately \$9,954,021 and the Company has requested that the Vermont Economic Development Authority (the “Authority”) issue its revenue bonds under the Title 10 V.S.A., Chapter 12 (the “Act”) at one time or from time to time in an aggregate principal amount not to exceed \$[9,100,000] in order to finance the Project in whole or in part, such bonds to be secured by the obligation of the Company to pay the debt service thereon, and the interest on such bonds to be exempt from federal income taxes by virtue of the provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986, as amended and the regulations (collectively, the “Code and Regulations”), as they may now or hereafter exist.

NOW THEREFORE BE IT RESOLVED, THAT:

1. Purpose of Resolution. This resolution is intended as affirmative official action and official intent, as contemplated by the Code and Regulations, toward the issuance of revenue bonds in an amount not to exceed \$9,100,000 under the Act to finance the Project and as a declaration of official intent for the reimbursement of Project costs within the meaning of Section 1.150-2 of the Code and Regulations.
2. Eligibility for Financing. Based upon the information contained in the Company's application to the Authority for financing, the Project appears to be eligible for financing under the Act. Issuance of the bonds is subject to all requirements of the Act and to the Authority being able to make the findings required by the Act, including a determination by the Authority regarding the priority of financing the Project in relation to the priority for extending financing to other industrial development facilities for which application has been made to the Authority or may be made in the future. Such bonds shall not constitute a general obligation of the State or the Authority nor a pledge of the faith and credit of the State or the Authority but shall be payable solely from the revenues pledged for their payment in accordance with the Act.
3. Further Action Required. This resolution is not a contract or final agreement to issue bonds. The Authority will consider whether to approve the issuance of bonds when the terms of the financing have been finalized and the Authority is in a position to determine that this project should be given priority for the issuance of tax-exempt revenue bonds pursuant to guidelines established by the Authority and by statute.
4. Effective date. This resolution shall take effect upon its adoption.

Final Resolution

A Resolution Authorizing the Issuance and Sale of up to \$9,100,000 of Vermont Economic Development Authority Revenue Bonds (Developmental and Mental Health Services Capital Asset Issue), Series 2017C and Series 2017D (Federally Taxable) (collectively, the "Bonds"), Approving the Forms of Loan Agreement between the Vermont Economic Development Authority (the "Authority") and Health Care and Rehabilitation Services of Southeastern Vermont, Inc., a Vermont corporation (the "Borrower") and Trust Indenture between the Authority and ZB, National Association d/b/a Zions Bank, as Trustee (the "Trustee"), and other Matters.

BE IT RESOLVED BY THE VERMONT ECONOMIC DEVELOPMENT
AUTHORITY AS FOLLOWS:

1. Based upon the information and documentation submitted to the Authority relating to the proposed (i) refinancing of a project consisting of the acquisition, construction, equipping and renovation of a 30,000 sq. ft. building at 390 River Street, Springfield, Vermont and renovations at 49 School Street, Hartford, Vermont to consolidate space previously leased for the Borrower's programs offered in the White River Junction area; and (ii) financing of a reserve account for the Borrower and paying a portion of costs of issuance (collectively, the "Project") for the benefit of the Borrower, including the proposed forms of the Loan Agreement between the Authority on behalf of the State of Vermont (the "State") and the Borrower dated as of December 1, 2017 (the "Loan Agreement") and the Trust Indenture between the Authority on behalf of the State and the Trustee dated as of December 1, 2017 (the "Trust Indenture" and together with the Loan Agreement, the "Agreements"), and the most recent financial statements of the Borrower, and after giving consideration to the factors enumerated in Section 253(d) of Chapter 12 of Title 10 of the Vermont Statutes Annotated, as amended (the "Act"), the Authority hereby makes the following findings:
 - (a) the Project and its proposed financing are feasible;
 - (b) the acquisition, improvement and operation of the Project will create or preserve employment opportunities directly or indirectly within the State;
 - (c) the Project consist of property of a type which may be financed under Subchapter 4 of the Act;
 - (d) the Borrower has the skills and financial resources necessary to operate the Project successfully;
 - (e) the Agreements contain provisions such that under no circumstances is the Authority or the State obligated directly or indirectly to pay project costs, debt service or expenses of operation, maintenance and upkeep of the facilities except from bond proceeds or from funds received under the Agreements, exclusive of funds received thereunder by the Authority or the State for their own use;
 - (f) the Project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the Town of Springfield and of the State;
 - (g) the Agreements do not purport to create any debt of the Authority or the State with respect to the facilities, other than a special obligation of the Authority under the Act;
 - (h) the proposed financing of the Project by the Authority and the proposed operation and use of the facility will preserve or increase the prosperity of the Town of Springfield and the State, and will promote the general welfare of citizens of the State; and
 - (i) the Project satisfactorily meets the criteria established in the Vermont Sustainable Jobs Strategy adopted by the Governor under Section 280b of the Act.

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2. The Chairman, Vice Chairman, Treasurer, Chief Executive Officer or Manager (each, an “Authorized Officer”) of the Authority, or in the event of their absence, illness or other inability to act, any Member of the Authority whom the Chairman or Vice Chairman may designate, is singly authorized on behalf of the Authority to execute and deliver the Agreements substantially in the forms presented to this meeting, which forms are hereby approved subject to such changes as may be approved by the signing officer as evidenced by his/her execution of the Agreements.
3. The Chairman or Vice Chairman and the Chief Executive Officer or Treasurer of the Authority are authorized to issue and sell to Municipal Capital Markets Group, as underwriter (the “Underwriter”), not exceeding \$9,100,000 of its Revenue Bonds (Developmental and Mental Health Services Capital Asset Issue), Series 2017C and Series 2017D (Federally Taxable) (collectively, the “Bonds”), substantially in the forms set forth in the Agreements authorized above, subject to such changes as may be approved by them as evidenced by their execution of the Bonds.
4. Any Authorized Officer or in the event of their absence, illness or other inability to act, any Member of the Authority whom the Chairman or Vice Chairman may designate, is hereby authorized to fix the date and place for sale of the Bonds to the Underwriter.
5. ZB, National Association d/b/a Zions Bank is hereby designated as Trustee, paying agent and registrar for the Bonds. The principal of and redemption premium, if any, and interest on the Bonds shall be payable as provided in the Agreements.
6. The Bonds shall not be issued by the Authority until the Authority receives the approval of the Governor of the State or his designee and the State Treasurer as required by Section 254 of the Act.
7. In lieu of repeating the terms and provisions of the Agreements, they are incorporated herein by reference, and this Resolution shall be deemed to set forth all such terms and provisions to the extent that such terms and provisions may be set forth or are required to be set forth in this Resolution.
8. Any Authorized Officer, or in the event of their absence, illness or other inability to act, any Member of the Authority whom the Chairman or Vice Chairman may designate, is hereby authorized to execute and deliver any other documents and instruments necessary or convenient in connection with the financing and to do all acts and things necessary to carry out the financing and the Project in accordance with the Agreements and otherwise to effectuate the purposes of this Resolution.
9. This Resolution shall take effect immediately.

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There being no other business to properly come before the Authority, on a motion by J. Snow, seconded by B. Pearce, the meeting adjourned at 10:09 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Cassandra F. Polhemus, Chief Operating Officer

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