

VERMONT ECONOMIC DEVELOPMENT AUTHORITY
LOAN COMMITTEE

Minutes

December 21, 2018

A telephonic meeting of the Vermont Economic Development Authority's Loan Committee originated at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on December 21, 2018 beginning at 9:05 a.m. Those Members of the Committee present via phone were: J. Snow, Chair; D. Kurzman; T. Gallagher; L. Graves; M. Tuttle; W. Patten; B. Pearce and A. Eastman (Designee for A. Tebbetts). Member E. Delhagen (designee for J. Tierney) was present in VEDA's Office. Staff members present via phone were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; T. Porter, Director of Commercial Lending; Senior Loan Officers: S. Croft and M. Dussault; M. Corbet, Loan Officer and J. Drouin, Commercial Loan Assistant. Staff present in VEDA's Office were: R. Grzankowski, Director of Operations; S. Buckley, Senior Loan Officer; C. Blais, Commercial Credit Analyst; M. Wheeler, Senior Commercial Loan Assistant and K. Kilpatrick, Administrative Assistant. E. Denny, Loan Officer entered the meeting later. Those Committee Members present constituted a quorum.

Minutes of October 12, 2018

On a motion by T. Gallagher, seconded by L. Graves, the minutes for the October 12, 2018 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

Long Falls Paperboard, LLC – Brattleboro – Subchapter 5 – \$1,500,000

M. Dussault explained Long Falls Paperboard, LLC of Brattleboro is requesting \$1,500,000 in Subchapter 5 financing. The loan will be secured by security interest in all the borrower's project machinery and equipment, all hereafter acquired machinery and equipment, security interest in all the borrower's now owned and hereafter acquired business assets and personal limited guarantees from the principals.

At 9:21 a.m. E. Denny entered the meeting.

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After discussion regarding project collateral, lease, interest rates and the structure of the loan, on a motion by M. Tuttle, seconded by A. Eastman, the above loan request was approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

After thoroughly reviewing the loan request, VEDA staff has made the following determinations per 10 V.S.A. § 262:

- (1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State;
- (2) The project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont;
- (3) The making of the loan will be of public use and benefit;
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both;
- (5) The principal obligation of the Authority's mortgage does not exceed \$1,500,000.00 which may be secured by land and buildings or by machinery and equipment, or both; unless an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources to be primarily consumed at the project, in which case the principal obligation of the Authority's mortgage does not exceed \$2,000,000.00, which may be secured by land and by buildings, or machinery and equipment, or both; such principal obligation does not exceed 40 percent of the cost of the project; and the mortgagor is able to obtain financing for the balance of the cost of the project from other sources as provided in the following section;
- (6) The mortgagor is responsible and able to manage its responsibilities as mortgagor and owner of the project;
- (7) The mortgage has a satisfactory maturity date, in no case later than 20 years from the date of the mortgage;
- (8) The mortgagor is unable to finance the project upon reasonable terms without the assistance of the requested loan from the Authority, or in the alternative, the granting of the loan will serve as a substantial inducement for the establishment or expansion of an eligible project within the State;
- (9) The mortgagor has made adequate provision for insurance protection of the project while the loan is outstanding; and
- (10) The loan will be without unreasonable risk of loss to the Authority. Such findings when adopted by the Authority shall be conclusive.

Brattleboro Development Credit Corp. – Brattleboro – Subchapter 3 – \$500,000

M. Dussault explained Brattleboro Development Credit Corp. (BDCC) is requesting \$500,000 in Subchapter 3 financing. The loan will be secured by a mortgage on project land and buildings to be purchased by BDCC located in Brattleboro, Vermont, collateral assignment of lease secured by interest in machinery and equipment, interest in security deposit and security interest in debt service escrow held by BDCC and limited personal guarantees from the principals.

After discussion regarding security interest, collateral, EPA grants and the reasons for this request, on a motion by L. Graves, seconded by W. Patten, the above loan request was approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

Hirchak Group LLC – Morrisville – Subchapter 5 – \$1,000,000

S. Buckley explained the Hirchak Group LLC of Morrisville is requesting \$1,000,000 in Subchapter 5 financing. The loan will be secured by mortgage on three properties located in Morrisville and Williston, Vermont, assignment of lease of the project premises and all rent derived therefrom, corporate guaranty of the operating company Hirchak Brothers LLC and joint and several guaranties of the principals.

After discussion regarding rates, borrower strength, historic cashflow and business diversity, on a motion by T. Gallagher, seconded by A. Eastman, the above loan request was approved by those Members of the Committee by a vote of 8 to 0 with the Chair abstaining.

After thoroughly reviewing the loan request, VEDA staff has made the following determinations per 10 V.S.A. § 262:

- (1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State;
- (2) The project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont;
- (3) The making of the loan will be of public use and benefit;
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both;
- (5) The principal obligation of the Authority's mortgage does not exceed \$1,500,000.00 which may be secured by land and buildings or by machinery and equipment, or both; unless an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources to be primarily consumed at the project, in

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which case the principal obligation of the Authority's mortgage does not exceed \$2,000,000.00, which may be secured by land and by buildings, or machinery and equipment, or both; such principal obligation does not exceed 40 percent of the cost of the project; and the mortgagor is able to obtain financing for the balance of the cost of the project from other sources as provided in the following section;

(6) The mortgagor is responsible and able to manage its responsibilities as mortgagor and owner of the project;

(7) The mortgage has a satisfactory maturity date, in no case later than 20 years from the date of the mortgage;

(8) The mortgagor is unable to finance the project upon reasonable terms without the assistance of the requested loan from the Authority, or in the alternative, the granting of the loan will serve as a substantial inducement for the establishment or expansion of an eligible project within the State;

(9) The mortgagor has made adequate provision for insurance protection of the project while the loan is outstanding; and

(10) The loan will be without unreasonable risk of loss to the Authority. Such findings when adopted by the Authority shall be conclusive.

State Street Hospitality, LLC and MCB, LLC – Montpelier – Subchapter 5 – \$1,500,000

S. Croft explained State Street Hospitality, LLC (SSH) and MCB, LLC (MCB) are requesting \$1,500,000 in Subchapter 5 financing. The loan will be secured by a leasehold mortgage on property to be owned by MCB in Montpelier, Vermont, assignment of the ground lease which will indicate if VEDA should step into MCB's position in the lease, it will be at a market rate, an assignment of the City of Montpelier for 80 parking spaces to be created, security interest in the business assets of both MCB and SSH to include all furniture, fixtures and equipment of the hotel.

After discussion regarding loan structure, security, guarantees, and the experience of management, on a motion by W. Patten, seconded by L. Graves, the above loan request was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair and B. Pearce abstaining.

After thoroughly reviewing the loan request, VEDA staff has made the following determinations per 10 V.S.A. § 262:

(1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State;

(2) The project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont;

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- (3) The making of the loan will be of public use and benefit;
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both;
- (5) The principal obligation of the Authority's mortgage does not exceed \$1,500,000.00 which may be secured by land and buildings or by machinery and equipment, or both; unless an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources to be primarily consumed at the project, in which case the principal obligation of the Authority's mortgage does not exceed \$2,000,000.00, which may be secured by land and by buildings, or machinery and equipment, or both; such principal obligation does not exceed 40 percent of the cost of the project; and the mortgagor is able to obtain financing for the balance of the cost of the project from other sources as provided in the following section;
- (6) The mortgagor is responsible and able to manage its responsibilities as mortgagor and owner of the project;
- (7) The mortgage has a satisfactory maturity date, in no case later than 20 years from the date of the mortgage;
- (8) The mortgagor is unable to finance the project upon reasonable terms without the assistance of the requested loan from the Authority, or in the alternative, the granting of the loan will serve as a substantial inducement for the establishment or expansion of an eligible project within the State;
- (9) The mortgagor has made adequate provision for insurance protection of the project while the loan is outstanding; and
- (10) The loan will be without unreasonable risk of loss to the Authority. Such findings when adopted by the Authority shall be conclusive.

There being no other business to properly come before the Committee, on a motion by B. Pearce, seconded by A. Eastman, the meeting adjourned at 10:07 a.m.

ATTEST:

Vermont Economic Development Authority
By: _____
Rosalea W. Bradley, Chief Executive Officer