

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

July 27, 2018

A telephonic meeting of the Vermont Economic Development Authority originated at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on July 27, 2018 beginning at 9:37 a.m. Those Members of the Authority present via phone were: J. Snow, Vice Chair; W. Patten, B. Pearce; J. Goldstein (designee for M. Schirling); L. Graves; M. Tuttle; T. Richards and T. Gallagher. Members present in VEDA's offices were: A. Eastman (designee for A. Tebbetts) and E. Delhagen (designee for J. Tierney). Staff members present were: C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer; R. Grzankowski, Director of Operations; S. Isham, Director of Agricultural Lending; L. Anair, Director of Loan Closing Department; S. Croft, Senior Loan Officer; Loan Officers: E. Denny and A. Wood; and K. Kilpatrick, Administrative Assistant. Staff members present via phone were: R. Bradley, Chief Executive Officer; T. Porter, Director of Commercial Lending; J. Kimberly, Deputy Director of Agricultural Lending; C. Houchens, Chief Compliance Officer; Senior Loan Officers: C. Anderson and J. Conklin; Loan Officers: E. Paradee; C. Leonard and M. Corbett; and P. Fitzgerald, Credit Specialist.

J. Snow chaired the meeting.

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E. Delhagen noted his statement in the Member Area Review indicated there were funds available from the Vermont Public Service Department. He asked that his comments be amended to note there are resources available to help evaluate wind technologies. On a motion by L. Graves, seconded by T. Gallagher, the minutes for the June 29, 2018 meeting were approved by those Members of the Authority present, with the above noted change, by a vote of 9 to 0 with the Chair abstaining.

CEO Search Committee Report

T. Gallagher explained the CEO opening had been posted online and in newspapers a couple of weeks ago, with a distribution to cover the state. He noted there has been a strong

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response with numerous resumes already received. He stated the Committee will be meeting again soon to review those resumes.

CEO's Report

FOLP 2018

R. Bradley stated there have been \$1.4 million FOLP loan approvals to date. She noted the average loan size is \$78,000 and there are several more loans currently in the pipeline.

SBA SMART Review

Next, R. Bradley noted VEDA's Chief Compliance Officer, C. Houchens, has continued her work on the SBA (Small Business Administration) SMART Review. Staff will keep the Members apprised as they continue to work on responses to the SMART review.

NADCO Training for 504 Directors

R. Bradley explained the SBA requires all 504 Directors attend training to ensure the Board has the "requisite program knowledge to fulfill its obligation to be responsible for all corporate actions and business". She noted the Directors can view a training created by NADCO video at their convenience; instructions will be provided to them at a later date. Management is requesting the Board complete this training by August 24, 2018.

Staffing

R. Bradley noted Christopher Morris has been hired as the part-time Digital Marketing Specialist. She explained he has already been working on the VEDA website as well as on digital marketing. Next, R. Bradley explained the new Loan Review and Compliance Specialist position has been filled internally by Cindy Houston, Loan Closing Officer. She continued, stating the Front Office Administrative Assistant has resigned and will be leaving in August. R. Bradley then reviewed the other current open positions at VEDA, including Commercial Credit Analyst, Loan Closing Officer (to replace Cindy Houston, as noted above), and Agricultural Credit Analyst and/or Agricultural Loan Officer (to replace Chris Anderson who is retiring in August).

Buildings/Improvements

R. Bradley explained C. Brown has been working with several engineers, architects and others as work is needed on the Cross House. She noted C. Brown will provide an update for the Members at a future meeting.

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Middlebury

Next, R. Bradley explained as staff numbers increase, staff is finding the office space in Middlebury is at capacity. She noted C. Brown is working to locate larger rental space and will keep the Members informed as progress is made.

Compliance and Loan Review Update

C. Houchens explained staff is on target in responding to the recent SBA SMART Review and will be able to reach the September 30, 2018 ultimate deadline. She continued, noting a revised Risk Management Policy and risk assessments will be provided to the Members for the September Planning Meeting, to allow for further discussion.

Board Financial Summary

D. Carter stated loan approvals for FY2018 totaled \$97.163 million; \$3.363 million above budget and \$96.289 million below FY2017. Loans closed for FY2018 totaled \$167.655 million; \$31.020 below budget and \$109.129 million above FY2017.

D. Carter continued his financial report, explaining Net Operating Income before fair value adjustment for FY2018 was favorable to budget by \$1.318 million. Investment Income was favorable to budget by \$48,500. Other Income was unfavorable to budget by \$94,600.

FY2019 Final Budget

D. Carter reviewed the Final 2019 Budget with the Members.

On a motion by T. Richards, seconded by M. Tuttle, the FY2019 Budget was approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

Credit Risk Classification Report – 4th Quarter FY2018

C. Polhemus reviewed Staff's Credit Risk Classification Report recommendations for the VEDA loan portfolios for the 4th quarter of fiscal 2018 (ended June 30, 2018) which included recommended loan loss reserves in the amount of \$3,382,600.

After discussion regarding the reserves and changes recommended thereto, on a motion by L. Graves, seconded by B. Pearce, the recommendations were approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

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Staff Authority – Loan Approvals

Pursuant to a resolution passed by the Members of the Authority at the July 29, 2016 meeting, Staff has approved the following loans:

Name	Town	Program	Loan Amount
Blue Hill Properties, Inc. dba The Jackson House Inn	Woodstock	Subchapter 5	\$575,500
Londonderry Community Solar LLC	Londonderry	Com Energy	\$358,000
Northfield Bull Run Road Solar LLC	Northfield	Com Energy	\$703,222
Flex-A-Seal Inc.	Essex Junction	Subchapter 5	\$64,000
Smugglers Notch Distillery LLC and Northwoods, LLC	Jeffersonville	Subchapter 5	\$300,000
Stowe Moscow Road Solar LLC	Stowe	Com Energy	\$1,000,000

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs – Loan Approval

Pursuant to Affiliate Program agreements and memorandums of understanding, Staff has recommended the following loan. (Note BRF – Brownfields Revitalization Fund; DWSRLF – Drinking Water State Revolving Fund; WCEDP – Windham Community Economic Development Program)

Name	Town	Program	Loan Amount
Addison County Community Trust, Inc.	Vergennes	DWSRLF	\$36,089

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There being no other business to properly come before the Authority, on a motion by B. Pearce, seconded by L. Graves, the meeting adjourned at 10:26 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Rosalea W. Bradley, Chief Executive Officer