VERMONT AGRICULTURAL CREDIT CORPORATION

Minutes

April 26, 2019

A meeting of the Vermont Agricultural Credit Corporation convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on April 26, 2019 beginning at 10:43 a.m. Those Directors of the Corporation present were: T. Gallagher, Chair; T. Foster; E. Delhagen (designee for J. Tierney); D. Kurzman; M. Tuttle; A. Eastman (designee for A. Tebbetts); S. Voigt and T. Collier. Member B. Pearce participated via phone. Staff members present were: C. Polhemus, President; D. Carter, Treasurer; S. Isham, Secretary; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Compliance and Loan Review Officer; T. Porter, Director of Commercial Lending; J. Kimberly, Deputy Director of Agricultural Lending; P. Fitzgerald, Director of Loan Resolution; Senior Loan Officers: M. Dussault, A. Curler, J. Conklin, S. Buckley; Loan Officers: E. Denny, A. Wood, E. Paradee; C. Blais, Commercial Credit Analyst; C. Brown, Office/Facilities Manager and K. Kilpatrick, Administrative Assistant. Those Directors present constituted a quorum.

Minutes of March 29, 2019

On a motion by A. Eastman, seconded by S. Voigt, the minutes for the March 29, 2019 meeting were approved by those Directors of the Corporation present by a vote of 8 to 0 with the Chair abstaining.

At 10:44 a.m. B. Pearce left for the remainder of the day.

Agricultural Update

A. Eastman noted there was a great deal of participation at the Northern Tier Dairy Summit held at Jay Peak Resort April 1st and 2nd resulting in a lot of feedback from attendees. She continued, noting summit topics included diversification, ways to manage transitioning to non-dairy operations.

Next, A. Eastman explained the Agency of Agriculture, Food and Markets (Agency of Agriculture) has received numerous grower and processor registration applications for the hemp program.

A. Eastman continued, stating the Milk Commission held a meeting earlier in the month to discuss milk consumption on the national level and noted the dairy industry is exploring fair pricing and supply management systems that could be implemented regionally and nationally. Also, the Commission discussed building the Vermont brand and providing accurate labeling on products.

Next, A. Eastman discussed H.205, the "pollinator protection bill", which was passed by the House in March and has gone to the Senate. She noted this bill would provide funds for the Agency of Agriculture to better track and inspect bee keepers' operations and would be funded by registration fees paid by bee keepers.

A. Eastman concluded by noting the Agencies of Agriculture and Natural Resources have been working with various farmers on wetland restrictions. She noted certain structures would need wetland permits if located in a flood zone. Additionally, these restrictions would help farmers move livestock to better locations.

New Directors

T. Gallagher welcomed new Directors T. Collier and T. Foster to the VACC Board.

At 10:56 a.m. T. Collier left the meeting and returned at 10:58 a.m.

Credit Risk Classification Report – 3rd Quarter FY2019

C. Polhemus reviewed Staff's Credit Risk Classification Report recommendations for the VACC loan portfolio for the 3rd quarter of FY2019 (ended March 31, 2019) which included recommended loan loss reserves in the amount of $1,625,200.

After discussion regarding the reserves and changes recommended thereto, on a motion by D. Kurzman, seconded by M. Tuttle, the recommendations were approved by those Directors of the Corporation present by a vote of 7 to 0 with the Chair abstaining.

Staff Authority – Loan Approvals

Pursuant to a Resolution adopted by the Directors of the Vermont Agricultural Credit Corporation at the July 29, 2016 meeting, Staff has approved the following loans since the last VACC meeting:

Name	Town	Loan Amount
Quesnel, Randall Sr. and Jean	Salisbury	$ 49,000
Blais Produce, LLC and Blais, David C.	Springfield	$ 50,000
Farr, Ashley E.	Richmond	$ 22,000
Messier, Janet F.	Randolph Center	$ 24,000
Thurston Forestry, LLC; Thurston, Everett C. and Jessica H.	North Clarendon	$150,000
Lucas Dairy, LLC; Lucas, Jonathan and Kristie L.	Orwell	$ 50,000

Staff Authority – Other Business

Staff presented the Directors with the Internal Other Business memo.

Tiffany Brothers Partnership, James L., David M. and Michael J. Tiffany – Fairfield – Request for Loan Modification

E. Paradee explained Tiffany Brothers Partnership, et al., are requesting a modification to a previously approved loan – to remove from the real estate collateral one of the parcels included in the original approval, and accordingly to increase the maximum LTV on the real estate collateral.

After discussion regarding overall loan collateral, FSA guarantees and the reasons for the request, on a motion by M. Tuttle, seconded by S. Voigt, the above loan modification request was approved by those Directors of the Corporation present by a vote of 7 to 0 with the Chair abstaining.

Hayden L. Tanner, Jr. – Sutton – Request for Six Month Principal Deferral and Six Month Term Extension

A. Wood explained Hadden L. Tanner, Jr. of Sutton is requesting a six month principal deferral and six month term extension.

At 11:14 a.m. T. Gallagher left the meeting and returned at 11:16 a.m.

Discussion ensued regarding hemp production, level of VACC exposure, payment accommodations and the reasons for this request. On a motion by M. Tuttle, seconded by S. Voigt, the above request was approved by those Directors of the Corporation present, with the condition that the loan from the borrower's ex-wife be put on full standby, by a vote of 6 to 1 with the Chair abstaining and A. Eastman voting nay.

There being no other business to properly come before the Corporation, on a motion by M. Tuttle, seconded by A. Eastman, the meeting adjourned at 11:26 a.m.

ATTEST:

Vermont Agricultural Credit Corporation

By: Cassandra F. Polhemus
Cassandra F. Polhemus, President