

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

May 31, 2019

A meeting of the Vermont Economic Development Authority (VEDA) convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on May 31, 2019 beginning at 9:32 a.m. Those Members of the Authority present were: T. Gallagher, Chair; T. Foster; E. Delhagen (designee for J. Tierney); M. Tuttle; S. Voigt; T. Collier; L. Graves; M. Snyder and D. Kittell. Members present via phone were: B. Pearce; D. Kurzman; A. Eastman (designee for A. Tebbetts) and T. Richards. Staff members present were: C. Polhemus, Chief Executive Officer; D. Carter, Chief Financial Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Compliance and Loan Review Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending; J. Kimberly, Deputy Director of Agricultural Lending; Senior Loan Officers: M. Dussault, J. Conklin, S. Buckley, S. Croft; Loan Officers: A. Wood, C. Leonard, E. Paradee; C. Brown, Office/Facilities Manager and K. Kilpatrick, Administrative Assistant. Those Members present constituted a quorum.

Minutes of April 26, 2019

On a motion by T. Collier, seconded by M. Tuttle, the minutes for the April 26, 2019 meeting were approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Member Area Review

E. Delhagen explained the Department of Public Service released a Vermont Clean Energy Industry report for 2019. He provided all present with a copy of report highlights. The report illustrates the growth associated with clean energy employment and the importance of tracking labor intensity in the clean energy industry. He explained the methodology used by the Department of Public Service to capture employment information has been adopted by other national agencies. C. Polhemus noted it has been difficult to define job creation within the clean energy industry; utilizing the same methodology would be useful.

CEO's Report

Legislative Update – H.513

C. Polhemus began with an update on H.513, the bill regarding broadband in Vermont. She noted the bill is currently on the Governor's desk awaiting his signature. She noted several changes were made to the finalized version, including an increase in the maximum loan size from \$1.8 million to \$4 million. She noted VEDA will use its own underwriting criteria for these loans. This bill adds a new Subchapter 14 to VEDA's Statute creating the "Broadband Expansion Loan Program".

Operations Update

Next, R. Grzankowski provided an update on recent changes in the Operations Department – including defining Servicing. The Operations Department has also streamlined Other Business reporting and is excited at the prospect of extending additional efficiencies.

2019 Corporate Cup

C. Polhemus noted VEDA entered 5 teams in the Corporate Cup on May 16, 2019, with the VEDA men's walking team taking first place. The team included T. Porter, B. Koch and J. Harris.

Interfund Lending Renewals

D. Carter explained Staff is recommending the Members extend the maturity of the Line of Credit (LOC) loan from VEDA/Vermont Jobs Fund (VJF) to Vermont Agricultural Credit Corporation (VACC) from September 30, 2019 to September 30, 2022 and increase the LOC amount from \$70 million to \$80 million. D. Carter continued, noting Staff is recommending the Members extend the maturity of the LOC from VEDA/VJF to Vermont 504 Corporation and the LOC from VEDA/VJF to Vermont Small Business Development Corp. (VSBDC) from September 30, 2019 to September 30, 2022.

On a motion by M. Snyder, seconded by T. Foster, the following resolution was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Inter-Fund Borrowing

Resolution

RESOLVED, that the Vermont Economic Development Authority (the "Authority") hereby approves the term extension to September 30, 2022 for a Line of Credit Loan Facility with Vermont Agricultural Credit Corporation ("VACC") in an amount not to exceed \$80,000,000 pursuant to 10 V.S.A. Chapter 12, Section 234(c); and

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BE IT FURTHER RESOLVED, that the interest rate, terms, conditions and collateral to be pledged for the facility will be those approved by the Members of the Authority and agreed to by the Directors of the VACC.

RESOLVED, that the Vermont Economic Development Authority (the “Authority”) hereby approves the term extension to September 30, 2022 for a Line of Credit Loan Facility with Vermont Small Business Development Corporation (“VSBDC”) in an amount not to exceed \$25,000,000 pursuant to 10 V.S.A. Chapter 12, Section 234(d); and

BE IT FURTHER RESOLVED, that the interest rate, terms, conditions and collateral to be pledged for the facility will be those approved by the Members of the Authority and agreed to by the Directors of the VSBDC.

RESOLVED, that the Vermont Economic Development Authority (the “Authority”) hereby approves the term extension to September 30, 2022 for a Line of Credit Loan Facility with Vermont 504 Corporation (“VT504”) in an amount not to exceed \$5,000,000 pursuant to 10 V.S.A. Chapter 12, Section 234(e); and

BE IT FURTHER RESOLVED, that the interest rate, terms, conditions and collateral to be pledged for the facility will be those approved by the Members of the Authority and agreed to by the Directors of the VT504.

Board Financial Summary

D. Carter stated loan approvals for the first ten months of FY2019 totaled \$76.84 million, \$6.43 million above budget and \$168,000 below the same period in FY2018. Loans and IRBs closed for the first ten months of FY2019 totaled \$40.03 million, \$62.72 million below budget and \$112.55 million below the same period in FY2018.

D. Carter continued his financial report, explaining Net Operating Income before fair value adjustment for the first ten months of FY2019 was unfavorable to budget by \$285.0 million. Net Interest Income was favorable to budget by \$238.1 million. Other Income was unfavorable to budget by \$481.5 million.

Credit Quality Report

D. Carter provided the Members with the Credit Quality Report.

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Board Loan Committee – Approval

The following loan has been approved by the VEDA Board Loan Committee.

Name	Town	Program	Loan Amount
Bennington Redevelopment Group, LLC	Bennington	Subchapter 5	\$1,500,000

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
293 Fletcher Road LLC	Fairfax	Subchapter 5	\$450,000
Runamok Maple, LLC	Fairfax	Commercial Energy	\$307,500

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs – Other Business

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

Green Lantern Development, LLC/Athel William Miller and Luke Schullenberger – Waterbury – Commercial Energy – \$2,000,000

S. Buckley explained Green Lantern Development, LLC (GLD), et al., of Waterbury are requesting a \$2,000,000 Commercial Energy loan. The loan will be secured by a security interest in the projects built with the line proceeds including: collateral assignment of Act 248 Certificates of Public Good, collateral assignment of Net Metering Agreements, collateral assignment of Engineering, Procurement and Construction Agreements, and all other contracts involved with constructing, operating, monitoring, and maintaining the project facilities including the construction contracts and subcontracts with the installing companies, collateral assignment of real estate lease agreements, other business assets consisting of first security interest in all now owned and hereafter acquired business assets of the borrower including: other business assets, GLD investments in operating solar projects, accounts receivable, inventory and joint and several personal guarantees of Luke Schullenberger and Athel William Miller.

After discussion regarding construction, equity, construction funding, off-takers and the overall request, on a motion by L. Graves, seconded by D. Kittell, the above loan request was

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approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

NST Solar, LLC – Enosburg – Commercial Energy – \$236,000

S. Buckley explained NST Solar, LLC of Enosburg is requesting \$236,000 in Commercial Energy financing. The loan will be secured by interest in the borrower's project machinery and equipment, interest in all other now owned or hereafter acquired business assets, interest in a debt service reserve account with an estimated value of \$14,611, collateral assignment of the Act 248 Certificate of Public Good, collateral assignment of the Group Net Metering Agreements with the Enosburgh Elementary School, Cold Hollow Career Center and Sticks and Stuff, collateral assignment of the Engineering, Procurement and Construction Agreement, and all other contracts involved in constructing, operating, monitoring and maintaining the project facility including the construction contract and subcontracts with Green Lantern Construction, LLC (GLC), collateral assignment of borrower's rights under a 20-year lease agreement with Enosburg's Nut-Shell Storage, LLC, Guaranty of Holdco LLC, owner of NST Solar, LLC (owned by GLC).

On a motion by M. Tuttle, seconded by S. Voigt, the above loan request was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

242-244 North Winooski LLC, Erik Hoekstra and Larry Williams – Burlington – Subchapter 5 – \$309,238

S. Buckley explained 242-244 North Winooski LLC, et al., are requesting a \$309,238 Subchapter 5 loan. The loan will be secured by a mortgage on project land and buildings owned by 242-244 North Winooski LLC and located at 242-244 North Winooski Avenue, Burlington, Vermont, security interest in all of the borrower's now owned and hereafter acquired business assets, assignment of lease of the project premises and all rent derived therefrom and joint and several guaranty of Larry Williams and Erik Hoekstra.

After discussion regarding revenue growth, remediation, borrower history and the overall project, on a motion by M. Tuttle, seconded by L. Graves, the above loan request was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

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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.

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There being no other business to properly come before the Authority, on a motion by S. Voigt, seconded by L. Graves, the meeting adjourned at 10:20 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Cassandra F. Polhemus, Chief Executive Officer

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