

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

September 20, 2019

A meeting of the Vermont Economic Development Authority (VEDA) convened at the Burke Mountain Resort, East Burke, Vermont on September 20, 2019 beginning at 8:02 a.m. Those Members of the Authority present were: T. Gallagher, Chair; L. Graves; D. Kurzman; T. Foster; M. Snyder; S. Voigt; M. Tuttle; R. Shippee; D. Kittell; E. Delhagen (designee for J. Tierney) and A. Eastman (designee for A. Tebbetts). Member J. Goldstein (designee for L. Kurrle) participated via Skype. Staff members present were: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; C. Houchens, Chief Compliance and Loan Review Officer; R. Grzankowski, Chief Operations Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending and C. Brown, Office/Facilities Manager. Staff present via Skype were: E. Bond, Controller; A. Wood, Senior Agricultural Loan Officer; S. Buckley, Senior Commercial Loan Officer and C. Blais, Commercial Credit Analyst. Also present via Skype: R. Milrod of CFO Consulting Partners. Those Members present constituted a quorum.

Minutes of August 23, 2019

On a motion by L. Graves, seconded by M. Tuttle, the minutes for the August 23, 2019 meeting were approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

New Board Member – Lindsay Kurrle

T. Gallagher noted L. Kurrle, the newly appointed Secretary of the Agency of Commerce and Community Development, has assumed the VEDA seat previously held by M. Schirling.

CEO's Report

Staffing Update

C. Polhemus explained R. Milrod of CFO Consulting Partners has been contracted on a part-time basis to assist with the Chief Financial Officer duties while D. Carter is on leave.

VEDA Minutes – September 20, 2019

Annual Meeting, Friday, October 25th

Next, C. Polhemus reminded the Members the Annual Meeting will be held on Friday, October 25, 2019 at the Delta by Marriott in South Burlington, Vermont. She explained borrower products will be showcased again this year. The keynote speaker will be Daniel Silver, Senior Economist with JP Morgan Chase Bank NA. Governor Scott has also been invited as a guest speaker.

Committee Vacancies

C. Polhemus noted there are vacancies on several of VEDA's standing committees and should any Member wish to fill any of those vacancies they should get in touch with her.

Cross House Update

C. Polhemus continued, noting foundation work has begun on the Cross House and is progressing nicely. She explained the buttress walls have been poured, the steel support beams will be placed soon and the new concrete walls and floor will be poured soon. She indicated construction is on schedule to meet the December 1, 2019 completion date.

Board Financial Summary

C. Polhemus stated direct approvals for the first two months of FY2020 totaled \$6.86 million, \$3.06 million below budget and \$160,000 above the same period in FY2019. Loans closed for the first two months of FY2020 totaled \$5.35 million, \$4.34 million below budget and \$9.49 million below the same period in FY2019.

C. Polhemus continued her financial report, explaining Net Operating Income before fair value adjustment for the first two months of FY2020 was favorable to budget by \$82,900. Net Interest Income was favorable to budget by \$6,500. Other Income was favorable to budget by \$17,700.

Credit Quality Report

C. Polhemus provided the Members with the Credit Quality Report.

Broadband Expansion Loan Program Policy

P. Samson explained with the enactment of Act No. 79 during the 2019 Legislative Session, the Legislature created Subchapter 14 of VEDA's statute enabling the Authority to make loans expanding broadband service to unserved and underserved Vermont residents and

businesses. The legislation makes clear these loans are likely to be of higher risk but noted appropriate due diligence will be performed by VEDA's loan officers.

C. Polhemus explained Act 79 includes \$6 million in additional Moral Obligation to support the funding of the program and an appropriation of \$540,000 for loan loss reserves. The proposed loan policy, if approved, will be incorporated into the Commercial Loan Policy. On a motion by A. Eastman, seconded by D. Kurzman, the Broadband Expansion Loan Program Policy was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Check Signing Authority – J. Harris

C. Polhemus explained Staff is recommending Jonathan Harris, Commercial Loan Assistant, be authorized to sign checks. On a motion by A. Eastman, seconded by L. Graves, the following resolution was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Banking Resolution

WHEREAS, the Vermont Economic Development Authority (Authority) has, from time to time, authorized certain officers and staff members to sign checks drawn on the various accounts of the Authority and to invest, reinvest and redeem certificates of deposit and repurchase agreements from and with various Vermont banks (Banks) and initiate wire transfers of funds to and from the Banks for these purposes;

NOW THEREFORE BE IT RESOLVED, the Authority's Chief Executive Officer, Chief Lending Officer and Chief Financial Officer will each have individual signing authority for any check, cash and wire transfer of the Authority for any amount up to \$10,000. The following will each have individual signing authority for any check, cash, and wire transfer of the Authority for any amount up to \$5,000: the Chair of the Authority; the Treasurer of the Authority; Carol Brown; Margaret Baird; Kelly Leonard; Deborah Izor, Renee Grzankowski and Jonathan Harris. All checks, cash and wire transfers drawn on any Authority account in excess of \$10,000 must be signed and countersigned by two of the above authorized individuals;

BE IT FURTHER RESOLVED, that the Authority's Chief Executive Officer, Chief Lending Officer and Chief Financial Officer are each hereby authorized to purchase, transfer, redeem and withdraw or reinvest the proceeds of certificates of deposit, repurchase agreements, and other investment securities, and to transfer funds to and from the Banks, whether manually, by wire or otherwise, as necessary to carry out the purposes specified above. The Chief

VEDA Minutes – September 20, 2019

Executive Officer, Chief Lending Officer and Chief Financial Officer are each also hereby authorized to contract with the Banks for safe deposit services and to designate certain employees or contractors to have access to such safe deposit services. The Banks are directed to honor any such requests;

BE IT FURTHER RESOLVED, that the foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Banks;

BE IT FURTHER RESOLVED, that this Resolution supersedes and replaces that approved by the Authority on July 26, 2019.

Clarendon GLC Solar, LLC – Clarendon – Commercial Energy – \$1,059,980

S. Buckley explained Clarendon GLC Solar, LLC (GLC) of Clarendon is requesting \$1,059,980 in Commercial Energy financing. The loan will be secured by a security interest in all the borrower's project machinery and equipment, a security interest in all other now owned or hereafter acquired business assets, a security interest in a debt service reserve account, collateral assignment of the Act 248 Certificate of Public Good, collateral assignment of the Group Net Metering Agreement with the Essex Westford School District, 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 contracts and subcontracts with GLC, collateral assignment of the borrower's rights under a 20-year land lease agreement with Rick Chapman (owner of the land to be leased for the project site), collateral assignment of Interconnection Agreement with Green Mountain Power, corporate guaranty of Green Lantern Development, LLC (the entity which owns GLD 2019 Solar Holdings, LLC III (along with a tax equity investor, Renewable Energy Alternatives LLC) which owns GLC).

After discussion regarding total exposure to GLC, on a motion by L. Graves, seconded by A. Eastman, the above loan request was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Four Quarters Brewing, LLC/Brian Eckert and Larry Williams – Winooski – Subchapter 5 – \$647,560

S. Buckley explained Four Quarters Brewing, LLC, Brian Eckert and Larry Williams of Winooski are requesting a \$647,560 Subchapter 5 loan. The loan will be secured by a mortgage

on land and buildings owned by 70 Main, LLC located in Winooski, Vermont, a security interest in all of the borrower's project machinery and equipment, a security interest in all of the borrower's now owned and hereafter acquired business assets and joint and several guarantees of Brian Eckert and Larry Williams.

After discussion regarding management team strengths, construction impacts and potential for walk-in business, on a motion by T. Foster, seconded by M. Tuttle, the above loan request was approved by those Members of the Authority present by a vote of 11 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.

VEDA Minutes – September 20, 2019

Board Loan Committee – Approval

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

Name	Town	Program	Loan Amount
Congress & Main LLC	St. Albans	Subchapter 5 – Downtown Revitalization	\$1,500,000

Staff Authority – Loan Approval

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

Name	Town	Program	Loan Amount
Hotel Sportiva Stowe LLC	Stowe	Subchapter 5	\$50,000

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs – Loan Approvals

Pursuant to Affiliate Program agreements and memorandums of understanding, Staff has recommended the following loans. (Note BRF – Brownfields Revitalization Fund; CWSRF – Clean Water State Revolving Fund; DWRSRF – Drinking Water State Revolving Fund; LASRF – Local Assistance State Revolving Loan Fund; WCEDP – Windham Community Economic Development Program).

Name	Town	Program	Loan Amount
The Trust for Public Land, Inc.	Chittenden, Mendon, and Killington	CWSRF	\$3,966,504
The Trust for Public Land, Inc.	Middlesex and Worcester	CWSRF	\$1,980,000
Vermont Land Trust, Inc.	Worcester and Elmore	CWSRF	\$5,350,000
The Housing Foundation, Inc.	Braintree	DWSRLF	\$ 75,000

Staff Authority – Other Affiliate Programs – Other Business

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

VEDA Minutes – September 20, 2019

There being no other business to properly come before the Authority, on a motion by M. Tuttle, seconded by S. Voigt, the meeting adjourned at 8:40 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Cassandra F. Polhemus, Chief Executive Officer

DRAFT