

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

October 25, 2019

A meeting of the Vermont Economic Development Authority convened at the Delta Hotels by Marriott, South Burlington, Vermont on October 25, 2019 beginning at 8:35 a.m. Those Members of the Authority present were: T. Gallagher, Chair; D. Kurzman; E. Delhagen (designee for J. Tierney); J. Goldstein (designee for L. Kurrle); S. Voigt; T. Foster; T. Collier; L. Graves and A. Gagner. 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; T. Porter, Director of Commercial Lending; S. Isham, Director of Agricultural Lending; J. Kimberly, Deputy Director of Agricultural Lending; P. Fitzgerald, Director of Loan Resolution; Senior Loan Officers: E. Denny, M. Dussault, S. Croft, J. Conklin, A. Wood and S. Buckley; Loan Officers: E. Paradee and C. Leonard; C. Blais, Commercial Credit Analyst and C. Brown, Office and Facilities Manager. R. Milrod of CFO Consulting Partners participated via Skype. Members B. Pearce and A. Eastman (designee for A. Tebbetts) and Senior Loan Officer A. Curler entered the meeting later. Those Members present constituted a quorum.

Recognition of C. Brown

T. Gallagher thanked C. Brown for her service to VEDA and wished her well as she leaves VEDA after nearly 28 years.

At 8:36 a.m. B. Pearce entered the meeting.

Minutes of September 20, 2019

On a motion by L. Graves, seconded by T. Foster, the minutes of the September 20, 2019 meeting were approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

At 8:37 a.m. A. Curler entered the meeting.

CEO's Report

Annual Lunch

C. Polhemus began her report noting 233 people were expected to attend the Annual Luncheon. She explained there would also be 11 borrower displays, showcasing various products.

New Board Designee

Next, C. Polhemus explained L. Kurrle has designated J. Goldstein, Commissioner of Economic Development, as her permanent designee on the VEDA Board.

Staff Update

C. Polhemus explained C. Brown has submitted her resignation to VEDA after almost 28 years of service. She noted C. Brown will continue on a part-time basis to handle the Cross House renovations, with a projected completion date of early December.

Visit to Northeast Processing

C. Polhemus then explained six Members will be able to make the trip to Brattleboro on November 1 to visit Northeast Processing. She noted the founders will be present for a Q&A session and lunch following the tour of the processing facility.

Strategic Planning Meeting Follow-Up

C. Polhemus closed her report by thanking the Members for their time, ideas and thoughtful comments during the day-long planning session in September. She explained the next steps center on developing a plan around the strategic initiatives that were identified by consensus and developing metrics to measure the progress. She expects to have a draft available for the Board by early spring.

Board Financial Summary

C. Polhemus then introduced R. Milrod of CFO Consulting Partners, who is standing in as VEDA Chief Financial Officer while D. Carter is on leave. R. Milrod stated direct approvals for the first quarter of FY2020 totaled \$11.88 million; \$3.00 million below budget and \$3.52 million above the same period of FY2019. Loans closed for the first quarter of FY2020 totaled \$8.91 million; \$5.63 million below budget and \$9.89 million below the same period in FY2019.

R. Milrod continued his financial report, explaining Net Operating Income for the first quarter of FY2020 was favorable to budget by \$205,000. Net Interest Income was favorable to budget by \$110,000. Other Income was unfavorable to budget by \$600.

Credit Quality Report

R. Milrod provided the Members with the Credit Quality Report.

Final Audited Financial Statements

C. Polhemus presented the Members with the final FY2019 audited financial statements. She summarized changes from the draft financial statements presented at the August Board meeting, noting the changes consist of immaterial rounding changes and one subsequent event disclosure.

On a motion by S. Voigt, seconded by J. Goldstein, the final audited financial statements were approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

Credit Risk Classification Report – 1st Quarter FY2020

P. Samson reviewed the Credit Risk Classification Report recommendations for the VEDA loan portfolios for the 1st quarter of fiscal 2020 (ended September 30, 2019) which included recommended loan loss reserves in the amount of \$2,553,000.

At 9:01 a.m. A. Eastman entered the meeting.

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 10 to 0 with the Chair abstaining

Mansfield Community Fiber, Inc., Leslie E. and Timothy E. Nulty – Cambridge – Broadband Expansion Loan Program – \$405,000

S. Buckley explained Mansfield Community Fiber, Inc. (MCF), Leslie E. and Timothy E. Nulty of Jericho are requesting Broadband Expansion Loan Program funds in the amount of \$405,000. The loan will be secured by a security interest in all the borrower's business assets

with the exception of uninstalled fiber, collateral assignment of all necessary contracts and lease agreement necessary for MCF to conduct business and joint and several guaranty of Timothy and Leslie Nulty.

At 9:09 a.m. T. Gallagher left the meeting and returned at 9:11 a.m.

After discussion regarding areas underserved by broadband, take rates and enhanced 9-1-1 compliance, on a motion by D. Kurzman, seconded by E. Delhagen, the above loan request was approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

Newbury GLC Solar LLC – Newbury – Commercial Energy – \$973,666

S. Buckley explained Newbury GLC Solar LLC of Newbury is requesting a \$973,666 Commercial Energy loan. The loan will be secured by security interest in all of the borrower's project machinery and equipment, security interest in all other now owned or hereafter acquired business assets, 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 Colchester School District, collateral assignment of the Engineering, Procurement and Construction Agreement, and all other contract involved in constructing, operating, monitoring and maintaining the project facility including the construction contracts and subcontracts with Green Lantern Construction (GLC) (installer for the project), collateral assignment of the borrower's rights under a 20-year land lease agreement with GL Pittsford Holdings LLC (a GLC holding company), collateral assignment of Interconnection Agreement with Green Mountain Power, Corporate Guaranty of Green Lantern Development (developer for the project).

After discussion regarding concentration risk, on a motion by B. Pearce, seconded by L. Graves, the above loan request was approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining and B. Pearce voting in the negative.

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
Solace B & B LLC	Warren	Subchapter 5	\$193,600

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 DWSRLF – Drinking Water State Revolving Fund)

Name	Town	Program	Loan Amount
Thompson's Point Association, Inc.	Charlotte	DWSRLF	\$365,000

Staff Authority – Other Affiliate Programs – Other Business

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

There being no other business to properly come before the Authority, on a motion by T. Collier, seconded by B. Pearce, the meeting adjourned at 9:46 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Cassandra F. Polhemus, Chief Executive Officer