

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

March 27, 2020

A telephonic meeting of the Vermont Economic Development Authority (VEDA) originated at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on March 27, 2020 beginning at 9:32 a.m. Members present via phone were: T. Gallagher, Chair; A. Eastman (designee for A. Tebbetts); R. Shippee; L. Graves; E. Delhagen (designee for J. Tierney); M. Tuttle; S. Voigt; D. Kurzman; T. Foster; B. Pearce; T. Collier; A. Gagner and M. Snyder. Staff members present in VEDA's offices were: A. Wright, Executive Assistant. Staff members present via phone were: C. Polhemus, Chief Executive Office; P. Samson, Chief Lending Officer; T. Richardson, Chief Financial Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officer; T. Porter, Director of Commercial Lending; S. Isham, Director of Agricultural Lending; Senior Loan Officers: J. Conklin; E. Denny and A. Wood; Loan Officers: C. Leonard; E. Paradee and K. Richardson; B. Koch, IT Manager; C. Morris, Communications Manager and K. Kilpatrick, Administrative Assistant. Also present via phone: J. Kimberly, Consultant. Member J. Goldstein (designee for L. Kurrle) joined the call later. Those Members present constituted a quorum.

T. Gallagher opened by explaining the meeting would focus on VEDA's response to the COVID-19 pandemic and related current events.

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On a motion by T. Collier, seconded by L. Graves, the minutes for the February 28, 2020 meeting were approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

At 9:34 a.m. J. Goldstein joined the call.

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CEO's Report – COVID-19 Pandemic Discussion

Impact on VEDA's Employees and Operations:

C. Polhemus opened her report noting VEDA has been fortunate to be prepared to move into full remote working mode as this scenario moved from possibility to reality very quickly. She credits the Operations Department for this smooth transition – and though the set-up is not optimal, all is going well, all things considered.

Impact on Borrowers

Next, C. Polhemus explained P. Samson, T. Porter and S. Isham have been on the front lines, with calls being received within just hours of announcements of college classes being suspended. She explained the number of borrower calls and emails is continuing to grow; she further noted the Commercial and Servicing teams have been rapidly processing payment deferrals. She noted the impact on VACC borrowers has been to a lesser extent and mostly felt by businesses supplying restaurants with product. She explained more in-depth details for the Agricultural portfolio will be presented later in the meeting.

P. Samson then described the types of requests received regarding Commercial portfolio loans – focusing on current borrowers. He noted inquiries have been received from restaurant owners, brewers and distillers along with professional services, including dentists, physical and occupational therapists and others. He noted the effects on the Agricultural portfolio are not as acute at this point with most of the inquiries received coming from borrowers who provide fresh product to restaurants. He noted onsite farm stands may be improving, which would provide a temporary increase in the amount of fluid milk being sold, but further noted the pricing in the milk market is going to be impacted in the next couple of months.

Impact on VEDA's Financial Condition

C. Polhemus noted the current focus is on VEDA's existing portfolio and to take care of those needs. She explained the Finance Department is considering the impact any financial decisions have on VEDA's capacity to make additional loans and what structure those loans will take, as well as the long-term impact on VEDA. She continued, stating the priority is to ensure VEDA is effective now as well as in the future and to fill a need at this time which cannot be met by the federal government. B. Pearce recommended ensuring VEDA was prepared for maximum default rate which could trigger the Moral Obligation. She continued, stating she would like to get a better feel for the whole portfolio. T. Richardson noted with the SBA program currently undefined, it creates challenges in making assessments for VEDA at this time. Discussion ensued with the Members suggesting some type of risk assessment. B. Pearce noted

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the State will be formally asking for some type of risk assessment and noted a cluster analysis would be very helpful. C. Polhemus explained VEDA currently has a stress test model which will be updated, explaining Staff wants to be responsive to borrowers without making imprudent decisions.

Next, T. Richardson reviewed VEDA's present debt structure – noting VEDA currently has adequate liquidity, but further noted information is still coming in at this time and a better estimate would be available soon. Discussion ensued regarding collateral reserves, liquid cash position, VEDA's operating line of credit, interest rates, collateral and Commercial Paper market.

VEDA COVID-19 Emergency Loan Program

C. Polhemus continued her report noting Governor Scott is in support of providing financial assistance to VEDA for those businesses effected by COVID-19. This assistance would be used for interest rate subsidies and loan loss reserves. She explained the money needs to go through the legislative process which currently is focused on other COVID-19 priorities. Discussion ensued regarding loan deferrals, the need for forecasts, speculations and the difficulties of predicting a situation driven by a pandemic vs. economic conditions.

Non-COVID-19 News

C. Polhemus closed her report noting two new employees have started at VEDA: Kelly Richardson, Agricultural Loan Officer and Katie Flint, Accounting Specialist. Both have adapted well to the remote working conditions but look forward to getting settled into the office in the future.

Board Financial Summary

The Members were provided with the Board Financial Summary showing direct approvals through February 29, 2020 totaled \$25.88 million, \$6.78 million below budget and \$9.51 million below the same period of FY2019. Loans closed through February 29, 2020 totaled \$20.46 million, \$6.87 million below budget and \$15.22 million below the same period of FY2019.

The Summary also showed Net Interest Income through February 2020 was favorable to budget by \$43.1 thousand. Net Operating Income was favorable to budget by \$1.1 million. Other Income was unfavorable to budget by \$10.4 thousand.

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Credit Quality Report – January and February

P. Samson provided the Members with the Credit Quality Report for January and February 2020.

Board Loan Committee – Approvals

The following loans have been approved by the VEDA Board Loan Committee:

Name	Town	Program	Loan Amount
Dirt Rd Solar LLC	Poultney	Commercial Energy	\$556,000
Elysian Fields, LLC	Shoreham	Commercial Energy	\$330,000

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

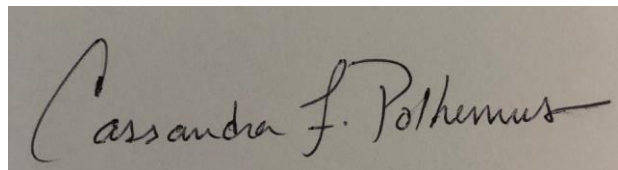
Staff Authority – Other Affiliate Programs – Other Business

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

There being no other business to properly come before the Authority, on a motion by T. Collier, seconded by A. Eastman, the meeting adjourned at 10:54 a.m.

ATTEST:

Vermont Economic Development Authority



By: _____
Cassandra F. Polhemus, Chief Executive Officer