

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

July 31, 2020

A video conferencing meeting of the Vermont Economic Development Authority (VEDA) convened on July 31, 2020 beginning at 9:33 a.m. Those Members of the Authority present via Zoom video conferencing were: T. Gallagher, Chair; B. Pearce; J. Goldstein (designee for L. Kurrle); T. Collier; T. Foster; A. Gagner; L. Graves; D. Kittell; D. Kurzman; M. Tuttle and S. Voigt. Staff present in VEDA's Montpelier office: A. Wright, Executive Assistant. Staff members present via Zoom video conferencing were: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officer; T. Richardson, Chief Financial Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending; P. Fitzgerald, Director of Loan Resolution; C. Morris, Communications Manager; Senior Loan Officers: M. Dussault; S. Croft; J. Conklin and A. Wood; Loan Officers: C. Leonard; E. Paradee and M. Corbett and K. Kilpatrick, Administrative Assistant. Those Members present constituted a quorum.

Minutes of June 26, 2020

On a motion by T. Collier, seconded by L. Graves, the minutes for the June 26, 2020 meeting were approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

Member Area Review

T. Collier inquired if current clients have plans to build out an e-commerce platform or if this is something we should be looking into. Having expertise that we can share with borrowers would be beneficial.

J. Goldstein indicated \$5M has been appropriated for tech assistance. She suggested reviewing the ACCD website and encouraging borrowers to apply.

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CEO's Report

Board Pictures for the Annual Report

C. Polhemus opened her report by explaining as in-person gatherings are not an option at this time, a screen shot of the Members in the Zoom meeting today would be used for the 2020 VEDA Annual Report.

Update on Various Grant Programs

C. Polhemus thanked J. Goldstein for correcting the number of applications received on her report for the ACCD program from 3,400 to 1,800. VEDA has been involved in processing these grants and will be more involved in the Working Land Enterprise, forest economy and non-dairy agricultural grants getting ready to launch in mid to late August.

Board Committees – Formation of Asset Liability Committee (ALCO)

Next, C. Polhemus briefed Members on the pre-ALCO meeting which was held prior to this Board meeting. She explained this was an organizational meeting with draft charter and policy documents. These documents will be presented to the Board in August.

FY2020 Closing Report

C. Polhemus reviewed the loan closing report for FY2020. She was very pleased to announce that the fourth quarter closed the gap between budget and actual, ending FY2020 on budget. Despite low volume on the VACC side, our internal committee has approved three new borrowers this past week. A good way for the agricultural portfolio to start off FY21.

NRCS Bridge Loan Follow Up

In closing, C. Polhemus updated Members on the NRCS bridge grant loan that was discussed during a loan committee meeting of the Board on July 17, 2020. The loan in question was originated over four years ago. When the error was discovered the loan was converted to an amortizing loan which has been paying as agreed since conversion. Procedures to improve coordination between the Closing and Lending Departments have improved which aim to stop this type of error from recurring.

Diversity

T. Collier indicated that Googles' communication officer will be joining him in a discussion on diversity. This is a great start. T. Collier thanked C. Polhemus for moving discussion on diversity forward.

Board Financial Summary

T. Richardson stated direct approvals through June 30, 2020 totaled \$47.3 million, \$1.7 million below budget and \$9.4 million below the same period of FY2019. Loans closed through June 30, 2020 totaled \$44.1 million, \$3.1 million above budget and \$15.0 million below the same period of FY2019.

T. Richardson continued his financial report, explaining Net Operating Income before fair value adjustment for investments through June 30, 2020 of \$277.8 thousand was unfavorable to budget by \$256.4 thousand. Net Interest Income \$7,912.4 thousand was unfavorable to budget by \$254.5 thousand. Other Income of \$1,130.3 thousand was favorable to budget by \$433.4 thousand.

Credit Quality Report

P. Samson presented the Members with the Credit Quality Report.

Approval to Amend VEDA Bylaws to delete Investment Committee and form Asset Liability Committee

T. Gallagher explained Management would like to transition the Investment Committee into an Asset Liability Committee.

On a motion by T. Foster, seconded by S. Voigt, the following resolution was approved by those Members present by a vote of 10 to 0 with the Chair abstaining.

Resolution

RESOLVED, that Article III Section 1(a) of the Authority’s Bylaws entitled “Investment Committee” be deleted in its entirety and amended to read as follows:

- (a) Asset Liability Committee. This committee shall establish and monitor implementation of policies intended to measure and manage risk derived from interest rates, market/investment factors, capital deployment and general asset and liability management.

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Appointment of Members to Asset Liability Committee

With the creation of the new Asset Liability Committee, the following slate of Members was presented for approval:

- T. Gallagher
- M. Tuttle
- B. Pearce
- L. Graves
- S. Voigt

On a motion by T. Collier, seconded by T. Foster, the above slate of Members was approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

Credit Risk Classification Report – 4th Quarter FY2020

P. Samson started his review of the recommended loan loss reserves by explaining Staff's process in examining adequacy of reserve levels in light of the current economic conditions resulting from the COVID-19 health crisis. Historical loss experience during economic down cycles, current deferral activity, industry specific sensitivity analysis, and exposure to large relationships were taken into consideration in determining increases in general (unallocated) loan loss reserve levels.

Staff's Credit Risk Classification Report recommendations for the VEDA loan portfolios for the 4th quarter of fiscal 2020 (ended June 30, 2020) included recommended loan loss reserves in the amount of \$2,767,300, reflecting a \$937.7 thousand increase from the prior quarter due to the adjustment to unallocated reserves.

After discussion regarding the reserves and changes recommended thereto, on a motion by S. Voigt, seconded by T. Collier, the recommendations were approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

Board Loan Committee – Approval

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

Name	Town	Program	Loan Amount
Manufacturing Solutions, Inc.	Morrisville	Commercial Energy	\$633,000

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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
Vermont Outlook Limited Company and Mayfield, Inc. (dba Shelburne Country Store and Country Christmas Loft)	Shelburne	Commercial Energy	\$165,000

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; DWSRLF – Drinking Water State Revolving Fund; LASRF – Local Assistance State Revolving Loan Fund; WCEDP – Windham Community Economic Development Program)

Name	Town	Program	Loan Amount
Addison County Community Trust, Inc. (Otter Creek Mobile Home Park)	Vergennes	DWSRLF	\$436,089
KAD Properties LLC	East Randolph	BRF	\$ 51,718

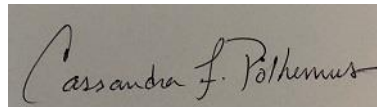
Staff Authority – Other Affiliate Programs – Other Business

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 S. Voigt, the meeting adjourned at 10:21 a.m.

ATTEST:

Vermont Economic Development Authority



By: _____
Cassandra F. Polhemus, Chief Executive Officer