

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

October 30, 2020

A video conferencing meeting of the Vermont Economic Development Authority (VEDA) convened on October 30, 2020 beginning at 9:47 a.m. Those Members of the Authority present via Zoom video conferencing were: T. Gallagher, Chair; S. Voigt; T. Foster; J. Goldstein (designee for L. Kurrle); T. Collier; R. Shippee; A. Gagner; D. Kurzman; D. Kittell; A. Eastman (designee for A. Tebbetts); E. Delhagen (designee for J. Tierney); and L. Graves. Staff present via Zoom in VEDA's Montpelier office: K. Kilpatrick, Administrative Assistant. Staff present via Zoom video conferencing were: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; T. Richardson, Chief Financial Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending; Senior Loan Officers: E. Denny; S. Croft; J. Conklin; S. Buckley and A. Wood; Loan Officers: E. Hall; C. Leonard; E. Paradee and M. Corbett; C. Blais, Commercial Credit Analyst and C. Morris, Communications Manager. B. Pearce, Member, joined the meeting later. Those Members present constituted a quorum.

Minutes of September 25, 2020

On a motion by T. Collier, seconded by L. Graves, the minutes for the September 25, 2020 meeting were approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Member Area Review

T. Collier shared his experience in visiting Black Flannel Brewery Company in Essex. Touring the brewery and seeing the end result was a positive experience.

CEO's Report

C. Polhemus opened her report thanking the Members for their time involved in the strategic planning session last month. The final plan is available in Box for Members to access. Other resources will be uploaded to Box, and Members are encouraged to request other items be made available that they feel will be beneficial.

CoBank Audit

C. Polhemus continued her report noting the annual CoBank Audit of the VACC portfolio had been completed earlier in the month. The audit covered 50 borrowers (169 loans) – roughly 25% of the VACC portfolio. Included in the CoBank’s process this year was a review of VEDA’s Loan Review function. CoBank found the size and scope of VEDA’s Loan Review to be appropriate and the program very helpful. There was one notable downgrade to substandard as this loan was on deferral pre-COVID.

Paycheck Protection Program (PPP) Update

Next, C. Polhemus explained there continues to be a fair amount of uncertainty regarding PPP loan forgiveness. The SBA’s recently approved short form forgiveness application for up to \$50,000 will address the majority of VEDA’s PPP loans; however, unclear guidance on the various tax implications associated with tax-free income and the deductibility of the associated expenses will likely prolong the forgiveness process.

State Grants Update

C. Polhemus closed her report noting the ACCD and the Tax Department launched the second round of COVID-19 economic recovery grants. This round, The Expanded Economic Recovery Grant Program (a.k.a. Recovery Grant 2.0) increased the maximum grant ceiling to \$300,000. VEDA is one among several entities processing these grants.

VEDA continues working with VAAFMM on the \$8.5 million non-dairy and working lands grants programs. VEDA is the only processor for these programs. To date 102 applications for \$2.45 million have been processed, there are 229 applications in the queue.

The \$5.0 million Forestry Grant Program ended on September 8th by which time 70 grants totaling \$3.7 million had been processed by VEDA and approved by FPR. The remaining \$1.3 million reverted back to ACCD for inclusion in the Recovery Grant 2.0 program.

Approvals / Closing Report

C. Polhemus stated Approvals were up during the month with good progress made in reducing the gap between budget and actuals. Activity seems to be in small to medium sized requests for new real estate acquisitions in VACC and some continued but not as robust activity in commercial.

Board Financial Summary

T. Richardson opened his report indicating the final audit report has been received and will be shared with the Board for a final approval in December.

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T. Richardson stated direct approvals through September 30, 2020 totaled \$9.1 million, \$875 thousand below budget and \$3.1 million below the same period of FY2020. Loans closed through September 30, 2020 totaled \$5.6 million, \$2.2 million below budget and \$38.5 million below the same period of FY2020.

T. Richardson continued his financial report, explaining Net Operating Income before fair value adjustment for investments through September 30, 2020 of \$1.1 million was favorable to budget by \$71.9 thousand. Net Interest Income of \$2.1 million was unfavorable to budget by \$201.7 thousand. Other Income of \$504 thousand was favorable to budget by \$39.7 thousand.

Credit Quality Report

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

Credit Risk Classification Report – 1st Quarter FY2021

Staff's Credit Risk Classification Report recommendations for the VEDA loan portfolios for the 1st Quarter of FY2021 (ended September 30, 2020) which included recommended loan loss reserves in the amount of \$2,723,300, reflecting a \$44 thousand decrease 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 J. Goldstein, the recommendations were approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Bristol South GLC Solar, LLC – Bristol – Commercial Energy – \$305,550

S. Buckley explained Bristol South GLC Solar, LLC (GLC) of Bristol is requesting \$305,550 in Commercial Energy financing. The loan will be secured by a security interest in all of 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 Agreements with the Town of Bristol, Town of Castleton and the Townsend Group, a 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 GLC, collateral assignment of the borrower's rights under a 20-year land lease agreement with Arthur and Helen Rathbun and the corporate guaranty of Green Lantern Development, LLC – the guarantor of the loan.

At 10:38 a.m. B. Pearce joined the meeting.

After discussion regarding project off-takers, energy financing, and net metering projects, on a motion by L. Graves, seconded by T. Foster, the above loan request was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Mass Line GLC Solar, LLC – Stamford – Commercial Energy – \$363,745

S. Buckley explained Mass Line GLC Solar, LLC (GLC) of Stamford is requesting \$363,745 in Commercial Energy financing. The project will be secured by a security interest in all of 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, a collateral assignment of the Group Net Metering Agreement with the Road to Hana, Inc., 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 John and Heather Tietgens, and the corporate guaranty of Green Lantern Development, LLC .

After discussion regarding tax credits, power production levels, performance vs preconstruction estimates and the overall project, on a motion by T. Collier, seconded by J. Goldstein, the above loan request was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Underhill GLC Solar, LLC – Underhill – Commercial Energy – \$312,850

S. Buckley explained Underhill GLC Solar, LLC (GLC) of Underhill is requesting \$312,850 in Commercial Energy financing. The loan will be secured by a security interest in all of 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 Certification of Public Good, collateral assignment of the Group Net Metering Agreement with Sugarbush, 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

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GLC, collateral assignment of the borrower's rights under a 20-year land lease agreement with the Town of Underhill and the corporate guaranty of Green Lantern Development, LLC.

After discussion regarding net metering projects, off-taker options and the overall project, on a motion by T. Collier, 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.

Vernon West Road II GLC Solar, LLC – Vernon – Commercial Energy – \$1,070,319

S. Buckley explained Vernon West Road II GLC Solar, LLC (GLC) of Vernon is requesting \$1,070,319 in Commercial Energy financing. The project will be secured by a 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 Agreements with Colchester School District and Town of Castleton, 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 lease agreement with Steve Zaluzny and Christine Fredericks, collateral assignment of Interconnection Agreement with Green Mountain Power and corporate guaranty of Green Lantern Development, LLC.

On a motion by T. Collier, 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.

Brecquinn Investments LLC (Congress and Main) – St. Albans – Commercial Energy – \$130,769

T. Porter explained Brecquinn Investments LLC of St. Albans is requesting \$130,769 in Commercial Energy financing. The loan will be secured by a mortgage on residential real estate located in Montgomery, Vermont, owned by Grant and Suzanne Butterfield, security interest in project solar assets, collateral assignment of the Act 248 Certificate of Public Good, collateral assignment of the interconnection agreement with Green Mountain Power, collateral assignment of the Solar Participation Agreements (aka Solar Group Net Metering Agreement), collateral assignment of the Engineering, Procurement, and Construction Agreement with SunCommon and all other subcontracts involved with constructing, operating, monitoring, and maintaining the project facility including the construction contracts and subcontracts.

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On a motion by S. Voigt, 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.

Town of Fletcher – Fletcher – BBLP – \$480,200

S. Buckley explained the Town of Fletcher is requesting \$480,200 in Broadband Expansion Loan Program financing. The loan will be secured by a security interest in all business assets associated with the proposed Fletcher network (NB) project and a collateral assignment of all necessary contracts and lease agreements necessary for the Town of Fletcher to conduct business with Mansfield Community Fiber, Inc. for operation of the NB project.

After discussion regarding municipal borrowing, the loan structure, financial audits and the suggestion for underwriter counsel, on a motion by A. Eastman, seconded by S. Voigt, the above loan request was approved by those Members of the Authority present by a vote of 10 to 0 with E. Delhagen, T. Collier and the Chair abstaining.

Commercial Loan Review Report

C. Houchens explained the Commercial Loan Review included loans from Commercial Energy, Subchapter 3 and Subchapter 5. She explained out of the 227 outstanding loans, 23 were reviewed for the report and out of those only three findings were significant enough to be included in the final report. The three findings have either already been cleared or are in the process of being cleared. She explained there is a positive trend from past reports.

Outstanding Loan Review Items – Quarterly Update

C. Houchens reviewed the quarterly update of the Outstanding Loan Review Items. She noted there is still one item on the report from 2018. She explained updated financials had been received from the borrower and is expected to be cleared within the next quarter. She explained two additional past due items from reports completed earlier this year are also expected to be cleared within the next quarter.

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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
Sugar Hill Properties, Inc. dba The Tucker Hill Inn	Waitsfield	Subchapter 5	\$625,000
Klein Family LLC (Groennfell Meadery)	St. Albans	Commercial Energy	\$180,000

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
Timberline Condominium Homeowners Association, Inc.	Warren	DWSRLF	\$72,000
Hemlock Ridge at Killington Owners Association Inc.	Killington	DWSRLF	\$36,133
The Battleground Condominium Owners' Association, Inc.	Waitsfield	DWSRLF	\$12,550
Vermont Land Trust, Inc.	Newport	CWSRF	\$1,400,000

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 11:15 a.m.

ATTEST:

Vermont Economic Development Authority



By: _____
Cassandra F. Polhemus, Chief Executive Officer