

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

September 24, 2021

A meeting of the Vermont Economic Development Authority (VEDA) convened at VEDA's office in Montpelier on September 24, 2021 beginning at 9:31 a.m. Members of the Authority present via video conferencing were: T. Gallagher, Chair; M. Tuttle; K. Hale; L. Graves; R. Shippee; S. Voigt; T. Foster; B. Pearce; E. Delhagen (designee for J. Tierney); M. Snyder; D. Kurzman and A. Gagner-Murphy. Staff present in VEDA's Montpelier office were: C. Polhemus, Chief Executive Officer and A. Wright, Executive Assistant and Office Manager. Staff present via video conferencing were: 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; P. Fitzgerald, Director of Loan Resolution; H. Hook, Senior Accountant; Senior Loan Officers: S. Croft and J. Conklin; Loan Officers: E. Paradee and C. Leonard; J. Shackman, Senior Commercial Credit Analyst; C. Blais, Commercial Credit Analyst and K. Kilpatrick, Administrative Assistant. Members A. Eastman (designee for A. Tebbetts) and T. Collier joined the meeting later. Senior Loan Officers: A. Wood; S. Buckley and M. Dussault; and M. Corbett, Loan Officer joined the meeting later. A member of the public, J. Ellerbrock of the St. Albans Messenger, joined the meeting later.

Those Members present constituted a quorum.

Comments from the Chair

T. Gallagher opened the meeting thanking Members for participating in yesterday's Planning Meeting. He further noted, he wants to keep the momentum from the Planning Meeting going forward. He also thanked staff for their work and participation in the meeting.

Minutes of August 27, 2021

On a motion by L. Graves, seconded by T. Foster, the minutes for the August 27, 2021 meeting were approved by those Members of the Authority present by a vote of 8 to 0 with the Chair, A. Gagner-Murphy, K. Hale and M. Snyder abstaining.

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At 9:32 a.m. J. Ellerbrock, A. Eastman and A. Wood joined the meeting via video conferencing.

Welcome New Member – Karyn J. Hale

T. Gallagher welcomed VEDA's newest Board Member, K. Hale, to the meeting. – explaining she has replaced D. Kittell on the Board. He thanked her for her participation in the Planning Meeting K. Hale thanked T. Gallagher and the rest of the Members for their warm welcome, noting she is excited to learn more about VEDA in the upcoming months.

At 9:36 a.m. S. Buckley joined the meeting.

CEO's Report

C. Polhemus began her report by welcoming K. Hale to the Board. She then noted another new Member would be joining as of January 1, 2022 to replace M. Tuttle. C. Polhemus thanked M. Tuttle for his dedication to VEDA during his time on the Board.

Next, C. Polhemus updated the Members on upcoming and recent staffing changes. She explained T. Porter, Director of Commercial Lending, and H. van Gulden, Director of Closing, will be retiring at the end of the year, noting both have been an integral part of VEDA for many years. C. Polhemus continued, explaining two new VEDA hires started this month: J. Tenney, Loan Closing Assistant, and L. Wilhjelm, Loan Systems Analyst.

C. Polhemus explained VEDA continues to wait for the US Treasury to release the application to apply for SSBCI funds. She continued, noting Vermont intends to apply for its allocation of \$56 million, with roughly half of those funds to be allocated to loans administered and half to venture capital. VEDA could administer the venture capital funds similarly to the Entrepreneurs Seed Fund structure; though C. Polhemus noted VEDA may need legislative approval to create another fund.

C. Polhemus presented the Approvals and Closings Report.

At 9:39 a.m. M. Corbett joined the meeting via video conferencing.

At 9:42 a.m. M. Dussault joined the meeting via video conferencing.

Board Financial Summary

T. Richardson presented his financial report, explaining Net Operating Income before fair value adjustment for investments through August 31, 2021 of \$421.5 thousand was favorable to budget by \$115.4 thousand. Net Interest Income of \$1.3 million was unfavorable to budget by \$19.7 thousand. Other Income of \$58.3 thousand was unfavorable to budget by \$31.3 thousand.

Credit Quality Report

P. Samson provided the Members with a review of the Credit Quality Report.

Audited Financial Statements

T. Gallagher explained the Audit Committee met with members of the KPMG Audit Team prior to today's board meeting. M. Tuttle, Chair of the Audit Committee, then discussed the draft Audit Report, noting a clean opinion will be issued for the June 30, 2021 statement. He then explained the Members of the Committee recommend the approval of the draft audited financial statements.

On a motion by S. Voigt, seconded by T. Foster, the draft Audited Financial Statements were approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Loan Presentations

T. Gallagher explained loan presentations include borrowers' confidential information which should not be disclosed to the public. Accordingly, J. Ellerbrock was asked to disconnect from the meeting during the loan presentation. He explained once the Members left executive session Mr. Ellerbrock was welcome to rejoin the meeting – with staff informing him when the time was appropriate.

At 9:55 a.m. J. Ellerbrock disconnected from the meeting for the remainder of the day and T. Collier joined the meeting via video conferencing.

On a motion by M. Tuttle, seconded by L. Graves, the Members voted unanimously to enter executive session at 9:55 a.m.

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On a motion by L. Graves, seconded by T. Collier, the Members voted unanimously to exit executive session at 10:18 a.m.

At 10:18 a.m. C. Leonard disconnected for the remainder of the day.

BVR LLC – Bolton – Subchapter 5 – \$360,000

S. Buckley explained BVR LLC of Bolton is requesting \$360,000 in Subchapter 5 financing. The loan will be secured by a mortgage on property located at 3233 Bolton Valley Access Road in Bolton, Vermont, and a mortgage on commercial real estate owned by BVR located at 4302 Bolton Valley Access Road in Bolton, Vermont.

On a motion by T. Foster, seconded by L. Graves, the above loan request was approved by those Members of the Authority present by a vote of 13 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

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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.

Green Mountain Animal, LLC – Milton– Subchapter 5 – \$1,500,000

S. Croft explained Green Mountain Animal, LLC (GMA) of Milton is requesting \$1,500,000 in Subchapter 5 financing. The loan will be secured by a security interest in GMA's business assets.

On a motion by T. Collier, seconded by T. Foster, the above loan request was approved by those Members of the Authority present by a vote of 13 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

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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.

Board Loan Committee – Approval

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

Name	Town	Program	Loan Amount
1859 Mountain Road, LLC and Idletyme Brewing Company	Stowe	Subchapter 5	\$1,080,000

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
108 Blessings LLC dba The Waitsfield Inn	Waitsfield	Subchapter 5	\$336,000
Glavel, Inc.	Burlington	Subchapter 5	\$504,100

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
Twin Pines Housing Trust	White River Junction	DWSRLF	\$ 5,600
Addison County Community Trust	Middlebury	CWSRF	\$182,035

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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 10:23 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____ *Cassandra F. Polhemus* _____
Cassandra F. Polhemus, Chief Executive Officer