

VERMONT ECONOMIC DEVELOPMENT AUTHORITY  
LOAN COMMITTEE

Minutes

November 19, 2021

A meeting of the Vermont Economic Development Authority's Loan Committee convened on November 19, 2021 beginning at 9:00 a.m. Those Committee Members present via video conferencing were: S. Voigt, Chair; T. Foster; T. Gallagher; R. Shippee; D. Kurzman; L. Graves; E. Delhagen (designee for J. Tierney); M. Tuttle and A. Eastman (designee for A. Tebbetts). Staff present in VEDA's Offices were: E. Denny, Senior Loan Officer and A. Wright, Executive Assistant and Office Manager. Staff present via video conferencing were: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; T. Richardson, Chief Financial Officer; T. Porter, Director of Commercial Lending; S. Croft, Deputy Director of Commercial Lending; J. Shackman, Senior Commercial Credit Analyst and K. Kilpatrick, Administrative Assistant. S. Buckley, Senior Loan Officer; P. Fitzgerald, Director of Loan Resolution and M. Dussault, Senior Loan Officer joined the meeting later. Those Committee Members present constituted a quorum.

Minutes of October 15, 2021

On a motion by M. Tuttle, seconded by T. Gallagher, the minutes for the October 15, 2021 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

At 9:01 a.m. S. Buckley joined the meeting.

Hi Lo Bidy GLC Solar, LLC – Putney – Commercial Energy – \$1,150,000

S. Buckley explained Hi Lo Bidy GLC Solar, LLC of Putney is requesting a \$1,150,000 Commercial Energy loan. 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 Agreement with Chroma Technology Corp. (off taker for the project), collateral assignment of the Engineering, Procurement and Construction Agreements, and all other contracts involved in constructing, operating, monitoring and maintaining the project facility

VEDA Loan Committee Minutes – November 19, 2021

including the construction contracts and subcontracts with Green Lantern Construction (solar array installer), collateral assignment of borrower's rights under a 35-year land lease agreement with Eric and Michelle Houghton (project site land owners), collateral assignment of Interconnection Agreement with Green Mountain Power, and corporate guaranty of Green Lantern Development (project developer).

At 9:03 a.m. P. Fitzgerald joined the meeting via video conferencing.

After discussion regarding strength of the project off taker, risk-based capital and the overall project, on a motion by E. Delhagen, seconded by M. Tuttle, the above loan request was approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

At 9:16 a.m. M. Dussault joined the meeting via video conferencing.

Babaroosa Realty LLC, Babaroosa, LLC and Babaroosa Immersive LLC – Essex Junction – Subchapter 5 – Loan 1: \$1,750,000 and Loan 2: \$3,000,000

E. Denny explained Babaroosa Realty LLC, et al., of Essex Junction are requesting \$4,750,000 in Subchapter 5 financing. The loans will be secured by a mortgage and collateral assignment of rents on the project property located at 21 Essex Way, Essex, Vermont, a security interest in all business assets to be owned by co-borrowers, personal guarantees for Peter Edelmann and Robert and Teresa Davis (loan guarantors), and a debt service reserve account. Approval is also conditional upon obtaining an 80% guaranty from USDA under the Business and Industry program. 10 V.S.A. 263 (c) states: "When any federal agency participates the Authority may adjust the required ratio of financial participation by the local development corporation, independent sources of funds and the Authority in such a manner as to ensure the maximum benefit available by the participation of the federal agency." VEDA's exposure after the USDA guaranty will be \$950,000.

After discussion regarding the project location, immersive art exhibits and the revitalization of the area, on a motion by T. Foster, seconded by D. Kurzman, the above loan requests were approved by those Members of the Committee present by a vote of 7 to 0 with the Chair and M. Tuttle abstaining.

VEDA Loan Committee Minutes – November 19, 2021

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:
  - (A) 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; or
  - (B) a single loan for which the principal amount of the Authority's mortgage does not exceed \$3,000,000.00 for an eligible facility consisting of a municipal telecommunications plant, as defined in 24 V.S.A. § 1911(2).
- (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 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.

Franklin County Industrial Development Corp. – Swanton – Subchapter 3 – \$2,600,000

M. Dussault explained Franklin County Industrial Development Corp. (FCIDC) has requested \$2,600,000 in Subchapter 3 financing. The loan will be secured by a mortgage on

project land and buildings to be owned by FCIDC and located in Swanton, Vermont, and collateral assignment of lease, rents and guarantees.

At 10:00 a.m. P. Fitzgerald and T. Gallagher disconnected from the meeting for the remainder of the day.

After discussion regarding FCIDC's strength as a borrower, the complexities of the loan request and job retention, on a motion by T. Foster, seconded by M. Tuttle, the above loan request was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair abstaining.

After thoroughly reviewing the loan request and proposed project, VEDA staff has made the following determinations per 10 V.S.A. § 232:

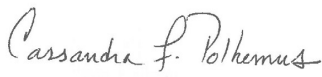
- (1) The project is within the scope of this chapter, will be of public use and benefit, and may reasonably be expected to create new employment opportunities;
- (2) The proposed site for the speculative building or small business incubator facilities will be located on adequate land owned or to be acquired by the local development corporation or leased by the local development corporation on terms satisfactory to the authority;
- (3) An adequate access road from a public highway is provided to the proposed site and that such utilities as water, sewer, and power facilities are available, or will be available when the speculative building or small business incubator facilities is completed;
- (4) 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;
- (5) The local development corporation is responsible and has presented evidence to demonstrate its ability to carry out the project as planned;
- (6) Evidence has been presented demonstrating the feasibility of the site as a location for business, and additional evidence has been presented that an adequate supply of labor is available within the labor market area to serve a business located on the site or in the small business incubator facility;
- (7) The local development corporation has made adequate provisions for insurance protection of the building while it is unoccupied and suitable arrangements have been made for fire protection and maintenance while it is unoccupied;
- (8) The project will be without unreasonable risk of loss to the authority; and
- (9) The local development corporation is unable to secure on reasonable terms the funds required for the project without the assistance of the authority, or in the alternative, the making of the loan will serve as a substantial inducement for the establishment or expansion of a speculative building or small business incubator.

VEDA Loan Committee Minutes – November 19, 2021

There being no other business to properly come before the Committee the meeting adjourned at 10:30 a.m.

ATTEST:

Vermont Economic Development Authority

By:   
Cassandra F. Polhemus, Chief Executive Officer