

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

December 17, 2021

A meeting of the Vermont Economic Development Authority (VEDA) convened at VEDA's office in Montpelier on December 17, 2021 beginning at 9:33 a.m. Those Members of the Authority present were: T. Gallagher and M. Tuttle. Members present via video conferencing were: S. Voigt, Chair; T. Collier; M. Snyder; E. Delhagen (designee for J. Tierney); B. Pearce; R. Shippee; L. Graves; D. Kurzman; A. Eastman, (designee for A. Tebbetts); J. Goldstein (designee for L. Kurrle); and T. Foster. Staff members present in VEDA's Montpelier office were: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; T. Richardson, Chief Financial Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending; S. Croft, Deputy Director of Commercial Lending; Senior Loan Officers: E. Denny, S. Buckley and A. Wood; and A. Wright, Executive Assistant and Office Manager. Staff members present via video conferencing were: R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officer; P. Fitzgerald, Director of Loan Resolution; Senior Loan Officers: J. Conklin and M. Dussault; Loan Officers: C. Leonard, M. Corbett and E. Paradee; C. Blais, Commercial Credit Analyst; and K. Kilpatrick, Administrative Assistant. Those Members present constituted a quorum.

Committee Report – ALCO

M. Tuttle explained the Asset Liability Committee met prior to today's board meeting with discussion centering on the SSBCI program. He noted the committee participated in a discussion on SSBCI and the potential benefits to the state and noted the initial application for funds has been submitted. He further noted an RFP has gone out to prospective fund managers for the venture capital program and is posted on VEDA's website. He explained the committee's consensus was to recommend approval of VEDA serving as the implementing entity for Vermont's allocation of SSBCI funds.

Consent Agenda

S. Voigt explained a consent agenda will be used going forward in an effort to improve board meeting efficiency. This will allow routine, procedural and informational items to be

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grouped together and approved in a single motion. He noted any item needing to be discussed in depth would be removed from the consent agenda at the Members' request.

Approval Items

1. Minutes of October 29, 2021 – Annual Meeting
2. Minutes of October 29, 2021 – Regular Meeting
3. Resolution: SSBCI Program

Resolution

WHEREAS, Vermont Economic Development Authority (“the Authority”) was the Implementing Entity for the State of Vermont for the State Small Business Credit Initiative (SSBCI) Program authorized under the Small Business Jobs Act of 2010;

WHEREAS, the Authority now wishes to be the Implementing Entity for the reauthorized SSBCI Program under the American Rescue Plan Act of 2021 to provide business owners with the capital they need to grow and thrive;

NOW THEREFORE BE IT RESOLVED, the Authority is authorized to be the Implementing Entity for the reauthorized SSBCI Program and is authorized to receive the SSBCI funds in order to fulfill the obligations of the Implementing Entity for the State of Vermont.

4. Resolution: Document Signers

Resolution

RESOLVED, that pursuant to Article IV, Section 5 of the Authority's Bylaws, Renée Grzankowski, Chief Operations Officer, Elizabeth Russell, Loan Closing Officer and Jennifer Pinsonneault, Senior Loan Closing Officer, be and each of them hereby is authorized to act as the Authority's agent for the purpose of signing, acknowledging and delivering contracts, written documents and instruments, commitments, deeds, mortgages and mortgage discharges, subordinations and all manner of written agreements for and on behalf of the Authority.

5. Loan Approval Authority – Update

Informational Items

6. Strategic Plan Quarterly Update

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7. Board Loan Committee Approvals

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

Name	Town	Program	Loan Amount
Franklin County Industrial Development Corp.	Swanton	Subchapter 3	\$2,600,000
Hi Lo Bidby GLC Solar, LLC	Putney	Commercial Energy	\$1,150,000
Babaroosa Realty, LLC Babaroosa, LLC Babaroosa Immersive, LLC	Essex Junction	Subchapter 5	Loan 1: \$1,750,000 Loan 2: \$3,000,000

8. 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
Town of Killington	Killington	Commercial Energy	\$189,800
The Confluence, Inc., dba Green Mountain Community Fitness	Berlin	Commercial Energy	\$ 19,215
Dousevicz Solar, LLC	Berlin	Commercial Energy	\$ 68,823

9. Staff Authority – Other Business

10. Staff Authority – Affiliate Loan Programs Other Business

On a motion by T. Collier, seconded by M. Tuttle, the consent agenda was approved as presented by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

CEO's Report

C. Polhemus began her report explaining she has been meeting with her counterparts at VHFA and Vermont Municipal Bond Bank to brainstorm how to collectively address the financing state's energy objectives in light of the mandates in the Global Warming Solutions Act. She noted the Climate Action Plan does not address how objectives will be financed. She continued, stating the Department of Public Service's Comprehensive Energy Plan recommends instrumentalities work together to come up with solutions without necessarily creating a whole new entity. She noted VEDA already does a lot of energy financing but cannot solve the entire problem. C. Polhemus continued, noting she and her counterparts have met with the Treasurer's

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Office, the Agency of Natural Resources and Efficiency Vermont – the next step is to talk with lawmakers.

Next, C. Polhemus outlined potential legislative asks for the 2022 session including changes to the Subchapter 5 program to allow VEDA to provide more financing on large projects and to expand eligibility to include independent and assisted living facilities, service businesses, and mixed-use buildings.

At 10:03 a.m. J. Goldstein signed off for the remainder of the day.

Member Area Review

T. Collier congratulated Governor Scott's recent appointments of Commissioner and Deputy Commissioner of the Department of Liquor and Lottery, Wendy Knight and Andrew Collier, respectively. He noted these two appointments are a great demonstration of the diversity the Governor's office is adopting.

Board Financial Summary

T. Richardson presented his financial report, explaining Net Operating Income before fair value adjustment for investments through October 31, 2021 of \$460.8 thousand was unfavorable to budget by \$280.9 thousand. Net Interest Income of \$2.6 million was unfavorable to budget by \$46.1 thousand. Other Income of \$295.9 thousand was favorable to budget by \$116.9 thousand.

Discussion ensued regarding the specifics of a fully reserved loan.

Credit Quality Report

P. Samson provided the Members with a review of the Credit Quality Report noting that delinquencies and NPL's are historically low and steady and further that there remain no covid-related loans on payment deferral.

C. Polhemus explained going forward the Credit Quality Report would be provided on a quarterly basis to coincide with the CRCR.

History of VEDA

T. Porter provided the Members with a history of VEDA, noting how VEDA came to be from the merging of various entities to become the Vermont Industrial Development Authority

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(VIDA) and eventually becoming the VEDA we know today. He also described the development of other VEDA programs and affiliates.

T. Porter thanked C. Polhemus for the opportunity to present the History of VEDA to the Members, noting the process was very interesting.

M. Tuttle commented on how the presentation illustrated the way VEDA has evolved over the years – always working to identify lending gaps and where the biggest differences can be made.

Middlebury Resource Recovery Center, LLC – Middlebury – Commercial Energy – \$2,000,000

S. Buckley explained Middlebury Resource Recovery Center, LLC of Middlebury is requesting \$2,000,000 in Commercial Energy financing. The loan will be guaranteed by USDA and will be secured by a security interest in all of the borrower's business assets including project machinery and equipment, debt service reserve, capital repair reserve, and operating expense reserve accounts, collateral assignment of all other contracts involved in constructing, operating, monitoring, and maintaining the project facility including the construction contracts, power purchase agreements, and feedstock contracts.

After discussion regarding collateral, USDA guarantee, digesters, and the reasons for this request, on a motion by M. Tuttle, seconded by A. Eastman, the above loan request was approved by those Members of the Authority present by a vote of 10 to 0 with the Chair and T. Foster abstaining.

The Rider's Outpost LLC – Waitsfield – Subchapter 5 – \$1,200,000

M. Corbett explained The Rider's Outpost LLC (TRO) of Waitsfield is requesting a \$1,200,000 Subchapter 5 loan. The loan will be secured by a mortgage on project land and buildings owned by TROH (a to-be-formed real estate holding company to which Jonathan Adler, loan guarantor, will transfer ownership of the hotel real estate, simultaneous to the origination of project financing) and located at 7575 Main Street (VT Route 100), Waitsfield, Vermont. The loan will also be secured by a security interest in all of the TROH's now owned and hereafter acquired business assets, a security interest in all of the TRO's now owned and hereafter acquired business assets, collateral assignment of TRO's rights under its lease of project premises with TROH and any future landlords or assigns, collateral assignment of TROH's rights under its leases of project premises to TRO and Outdoor Gear Exchange (a tenant), and any future tenants of assigns and all rent derived therefrom, collateral assignment or

pledge of VEDA specific debt served reserve account, unlimited, unsecured personal guarantee of Jonathan Adler, and unlimited, unsecured corporate guaranty of Eagle Lake LP, a partnership that effectively serves as Jonathan Adler’s extended family trust.

After discussion regarding guarantor strength, restaurant design considerations, and the overall scope of the project, 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 11 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:
 - (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;

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(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.

At 11:25 a.m. C. Houchens signed off for the remainder of the day.

Recognition of Michael R. Tuttle’s Contributions to VEDA

S. Voigt read the following resolution recognizing M. Tuttle for his dedication and commitment to VEDA.

Resolution

WHEREAS, Michael R. Tuttle was a Member of the Vermont Economic Development Authority (“Authority”) from September 2016 through December 2021; and

WHEREAS, he served as Treasurer of the Authority from October 2018 through February 2019; and

WHEREAS, he served as Vice Chair of the Authority from February 2019 through February 2020; and

WHEREAS, he served as a Member of the Loan Committee from February 2017 through December 2021; and

WHEREAS, he served as a Member of the 504 Loan Committee from November 2018 through December 2021; and

WHEREAS, he served as Chair of the Audit Committee from May 2019 through December 2021; and

WHEREAS, he served as Chair of the Asset Liability Committee from July 2020 through December 2021; and

WHEREAS, he was a Loan Officer of the Authority from June 1985 through June 1986; and

WHEREAS, with his contributions, the Authority has been an important tool in encouraging the growth of commercial and agricultural development compatible with the economic and environmental goals of Vermont and its people; and

WHEREAS, his associates have deep respect for his personal integrity, his willingness to consider the views of others, his excellent judgment and his ability to make sound decisions;

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NOW THEREFORE BE IT RESOLVED, that the Members of the Authority, its officers and staff, pay tribute to Michael R. Tuttle and express to him their gratitude for his able service, and wish him continuing good health and happiness in his other pursuits; and

BE IT FURTHER RESOLVED, that a copy of this resolution be recorded in the Minutes of the Authority and a copy be furnished to Michael R. Tuttle.

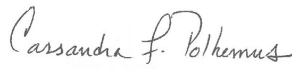
On a motion by T. Collier, seconded by T. Gallagher, the resolution was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

M. Tuttle thanked VEDA for the opportunity to be involved and commented on the importance of VEDA's mission. He noted he will miss being a part of the Board but is certain VEDA will continue to do great work.

There being no other business to properly come before the Authority, on a motion by T. Collier, seconded by T. Foster, the meeting adjourned at 11:33 a.m.

ATTEST:

Vermont Economic Development Authority

By: 
Cassandra F. Polhemus, Chief Executive Officer