

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

January 22, 2021

A video conferencing meeting of the Vermont Economic Development Authority (VEDA) convened on January 22, 2021 beginning at 9:33 a.m. Those Members of the Authority present via Zoom video conferencing were: T. Gallagher, Chair; S. Voigt; E. Delhagen (designee for J. Tierney); T. Foster; M. Tuttle; R. Shippee; A. Gagner; D. Kurzman; A. Eastman (designee for A. Tebbetts); B. Pearce; T. Collier 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: M. Dussault; E. Denny; S. Croft; J. Conklin and A. Wood; Loan Officers: C. Leonard; E. Paradee and M. Corbett; P. Fitzgerald, Director of Loan Resolution; C. Morris, Communications Manager and A. Wright, Executive Assistant. Guests present via Zoom: J. Tierney, Commissioner of the Vermont Department of Public Service and R. Fish, Rural Broadband Technical Assistance Specialist of the Vermont Department of Public Service. Member, J. Goldstein (designee for L. Kurrle); S. Buckley, Senior Loan Officer and H. Hook, Senior Accountant joined the meeting later. Those Members present constituted a quorum.

Minutes of December 11, 2020

On a motion by B. Pearce, seconded by L. Graves, the minutes for the December 11, 2020 meeting were approved by those Members of the Authority present by a vote of 9 to 0 with T. Collier, E. Delhagen and the Chair abstaining.

Member Area Review

J. Tierney, ex-officio member of the VEDA Board and Commissioner of the Vermont Department of Public Service began her report thanking her colleague, E. Delhagen, for his contributions as her designee to the Board. J. Tierney then introduced R. Fish, Rural Broadband Technical Assistance Specialist.

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At 9:35 a.m. S. Buckley and H. Hook joined the meeting.

Next, J. Tierney presented an overview of the status of rural broadband in Vermont. She explained that broadband is not defined as a public utility service under federal law. The implications are manifold because there are a variety of funding streams and policy decision which do not pertain to broadband.

At 10:05 a.m. J. Goldstein joined the meeting.

J. Tierney explained the differing levels of connectivity throughout the state and the challenges with infrastructure. Through the CARES Act and RDOF Auction, funding solutions were brought to 47,000 of the 70,000 underserved/unserved. Funding through emergency CARES Act funds were administered to help extend lines to solve connectivity problem for those with no coverage, reaching 10,000 addresses.

J. Tierney closed her report by mentioning LECAP (Line Extension Customer Assistance Program) which was administered during the state of emergency. This was a line extension program for structures near a cable facility that provided up to a \$3 thousand subsidy to extend lines to help fill connectivity gaps. A lot of good energy is coming, funding is scarce and is where VEDA fits in. Patience is the key as progress continues to be made.

At 10:17 a.m. J. Tierney and R. Fish signed off for the remainder of the day.

J. Goldstein next updated the Members by noting that with the assistance of VEDA, \$310 million has been granted to businesses in need over the past several months. The Governor's economic development proposals in his FY2022 budget include an additional \$10 million for grants to pandemic-impacted businesses left out of federal and state programs. This proposal did not receive a recommendation from the House Commerce Committee.

CEO's Report

C. Polhemus opened her report thanking J. Tierney and J. Goldstein, noting there is a lot going on.

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Next, C. Polhemus discussed her legislative priorities indicating she has testified twice on broadband to help figure out how to leverage funds to finance broadband.

C. Polhemus continued her report by stating the American Rescue Plan announced by the Biden-Harris administration has \$35 billion earmarked to a new SSBCI type of plan. The extension of the CARES Act provided \$284.6 billion in funding for the SBA’s PPP. VEDA began accepting and processing applications on January 11th.

J. Goldstein inquired about a breakdown of first and second timers. R. Grzankowski indicated 64% are second draws.

C. Polhemus welcomed T. McGlynn as Operations Analyst.

Next, C. Polhemus announced the resignation of E. Hall which creates a vacancy in agricultural lending in Addison County. We are proactively recruiting for a lender in our Middlebury office.

C. Polhemus informed the Members that beginning with the February Board meeting, the meeting platform will change to Microsoft Teams instead of Zoom.

Next, C. Polhemus noted P. Samson’s “Credit 101 Memo” has been uploaded in Box under Members Resources.

C. Polhemus presented the Approvals and Closings Report.

Board Financial Summary

T. Richardson presented the Board Financial Summary, explaining Net Operating Income before fair value adjustment for investments through December 31, 2020 of \$2.45 million was favorable to budget by \$747.6 thousand. Net Interest Income of \$4.34 million was favorable to budget by \$82.9 thousand. Other Income of \$922 thousand was favorable to budget by \$229.5 thousand.

Credit Quality Report

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

Credit Risk Classification Report – 2nd Quarter FY2021

Staff's Credit Risk Classification Report recommendations for the Vermont Jobs Fund for the 2nd quarter of fiscal 2021 (ended December 31, 2020) included recommended loan loss reserves in the amount of \$2,662,900, reflecting a \$60.4 thousand decrease from the prior quarter.

After discussion regarding the reserves and changes recommended thereto, on a motion by T. Collier, seconded by L. Graves, the recommendation was approved by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

At 11:04 a.m. S. Buckley signed off for the remainder of the day.

Renewal of VEDA-VT504 Management Agreement

C. Houchens explained the U.S. Small Business Administration requires a Management Agreement between Vermont 504 Corporation and the Vermont Economic Development Authority. C. Houchens explained staff is requesting the Directors approve this agreement.

On a motion by D. Kurzman, seconded by T. Collier, the Management Agreement was approved as presented by those Members of the Authority present by a vote of 12 to 0 with the Chair abstaining.

Booska Commercial, LLC – Booska Movers, Inc. – South Burlington – Subchapter 5 – \$1,320,000 – M. Dussault

M. Dussault explained Booska Commercial, LLC (BC) and Booska Movers, Inc. (BMI) are requesting \$1,320,000 financing. The loan will be secured by a second mortgage on Project land and buildings owned by Booska Commercial, LLC and located at Lot 1-G, Meadowlands Business Park, South Burlington, VT, a collateral assignment of lease between BC and BMI, subject to first security assignment held by Union Bank, corporate guarantee of BMI, and joint and several personal guarantees of David P. and Marlene Booska.

After discussion regarding interest rate, succession and the confirmation of borrower's financing institution agreeing to a bridge loan, on a motion by M. Tuttle, 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.

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 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.

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Board Loan Committee – Approvals

The following bond was approved by the VEDA Board Loan Committee.

Name	Town	Program	Loan Amount
SOLARSENSE VT XXVII LLC	Concord	Commercial Energy	\$600,000
SOLARSENSE VT XXII LLC	St. Albans	Commercial Energy	\$1,259,741
Green Lantern Development, LLC	Waterbury	Commercial Energy	\$2,000,000

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
Fiddlehead Condominium, Inc.	Waitsfield	DWSRLF	\$80,532
Country Club Condominium of Bolton Homeowners' Association, Inc.	Jericho	DWSRLF	\$104,279
Vermont Land Trust, Inc.	Newport	DWSRF	\$3,000.000

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 11:22 a.m.

ATTEST:

Vermont Economic Development Authority



By: _____
Cassandra F. Polhemus, Chief Executive Officer