

VERMONT ECONOMIC DEVELOPMENT AUTHORITY
LOAN COMMITTEE

Minutes

February 11, 2022

A meeting of the Vermont Economic Development Authority's Loan Committee convened on February 11, 2022 beginning at 9:00 a.m. Those Committee Members present via video conferencing were: S. Voigt, Chair; A. Eastman (designee for A. Tebbetts); B. Pearce; C. Carpenter; D. Kurzman; L. Graves; R. Shippee; T. Foster and T. Gallagher. Staff present in VEDA's Offices were: P. Samson, Chief Lending Officer; Senior Commercial Loan Officers: E. Denny and S. Buckley; and A. Wright, Executive Assistant and Office Manager. Staff present via video conferencing were: C. Polhemus, Chief Executive Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officers; S. Isham, Director of Agricultural Lending; S. Croft, Deputy Director of Commercial Lending; M. Dussault, Senior Loan Officer; C. Blais, Commercial Loan Officer and Agricultural Credit Analysts: D. Stroffoleno, and V. Kis. O. Doherty, Executive Assistant at the Office of the State Treasurer was present via video conferencing. E. Delhagen (designee for J. Tierney) and J. Shackman; Senior Commercial Credit Analyst, joined the meeting later. Those Members of the Committee present constituted a quorum.

Consent Agenda

C. Polhemus explained that the Loan Committee Charter authorizes the Committee Members to act upon applications for loans and loan modifications submitted to the Authority and its Component Units. This being said, one VEDA Loan Committee Agenda and set of Minutes would be drafted for each meeting going forward to improve efficiency.

Approval Items

1. VEDA Minutes of December 10, 2021
2. VACC Minutes of September 10, 2021
3. VSBDC Minutes of September 10, 2021

On a motion by T. Gallagher, seconded by L. Graves, the consent agenda was approved as presented by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining.

At 9:02 a.m. E. Delhagen and J. Shackman entered the meeting.

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Two Dot Properties, LLC – Vermont Valhalla Marine, LLC dba North Hero Marino – North Hero – Subchapter 5 (VEDA) – \$1,120,000 – M. Dussault

M. Dussault explained Two Dot Properties, LLC – Vermont Valhalla Marine, LLC dba North Hero Marino are requesting \$1,120,000 in Subchapter 5 financing. The loan will be secured by a second mortgage on land and buildings located at 2253 Pelots Point Road, North Hero, Vermont; second security interest in all business assets to be owned by Vermont Valhalla Marine, LLC, subject to the shared first security interest held by KeyBank; personal unlimited guarantees of Robert and Terry Pettit; collateral assignment of lease between Two Dot Properties, LLC and IMS/VMS, subject to the collateral assignment held by KeyBank; collateral assignment of all other leases and rents on Project property; subject to the collateral assignment held by KeyBank; collateral assignment of lease between Two Dot Properties, LLC and the year-to-year seasonal lease with the operator of the Tiki Bar/restaurant.

After discussion regarding competition and location, on a motion by T. Foster, seconded by L. Graves, the above loan request was approved by those Members of the Committee present by a vote of 9 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

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(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.

Essex Resort Holdings LLC – Essex – Subchapter 5 (VEDA) – \$4,900,000 – E. Denny

E. Denney explained Essex Resort Holdings LLC are requesting \$4,900,000 in Subchapter 5 financing. The loan will be secured by the personal guarantee of Peter Edelmann. Approval is also conditional upon obtaining an 80% guaranty from USDA under the Business & Industry Loan Guarantee 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 \$980,000.

After discussion regarding SBA and USDA criteria, on a motion by E. Delhagen, seconded by R. Shippee, the above loan request was approved by those Members of the Committee present by a vote of 9 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;

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- (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: (**See 10 V.S.A 263(c) for exception to this finding*)
 - (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.

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

S. Buckley explained Middlebury Resource Recovery Center, LLC are requesting a \$2,000,000 Commercial Energy loan. The loan will be secured by a by a second security interest in all of the Borrower's 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; the

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corporate guaranty of Purpose Energy secured by a second security interest in all of its business assets located at the Zero Gravity brewery including machinery and equipment and collateral assignment of all other contracts involved in, operating, monitoring, and maintaining the project facility including leases, net metering agreements, and feedstock contracts.

After discussion regarding the entities, tax equity and loan structure, on a motion by D. Kurzman, seconded by B. Pearce, the above loan request was approved by those Members of the Committee present by a vote of 8 to 0 with the Chair abstaining and T. Foster recusing himself.

Dedalus Real Estate Stowe, LLC – Dedalus Wine Group Inc. – Stowe – (VSBDC) – \$500,000

S. Buckley explained Dedalus Real Estate Stowe, LLC – Dedalus Wine Group Inc. are requesting a \$500,000 Vermont Small Business Development Corp. loan. The loan will be secured by a second mortgage on the Project property located at 101 Mountain Road, Stowe, Vermont.

O. Doherty signed off for the remainder of the day.

After discussion regarding energy efficiency of the project and financial projections, on a motion by A. Eastman, seconded by L. Graves, the above loan request was approved by those Members of the Committee present by a vote of 9 to 0 with the Chair abstaining.

E. Delhagen noted that further discussion on how we can include information on energy efficiency measures for construction and renovation projects will be helpful in the state's efforts to measure and make progress on state's energy goals.

There being no other business to properly come before the Committee on a motion by R. Shippee, seconded by B. Pearce, the meeting adjourned at 10:03 a.m.

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ATTEST:

Vermont Economic Development Authority

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