

VERMONT ECONOMIC DEVELOPMENT AUTHORITY
LOAN COMMITTEE

Minutes

October 14, 2022

A meeting of the Vermont Economic Development Authority's Loan Committee convened on October 14, 2022 beginning at 9:00 a.m. Those Committee Members present via video conferencing were: T. Gallagher, Acting Chair; A. Eastman (designee for A. Tebbetts); B. Pearce; J. Goldstein (designee for L. Kurrle); R. Shippee and T. Foster. Staff present in VEDA's Offices were: P. Samson, Chief Lending Officer; J. Emens-Butler, Director of Closing; E. Denny, Senior Loan Officer and A. Wright, Executive Assistant and Office Manager. Staff present via video conferencing: C. Polhemus, Chief Executive Officer; S. Croft, Deputy Director of Commercial Lending; M. Dussault, Senior Loan Officer and J. Shackman, Senior Credit Analyst. Member S. Voigt joined the meeting via video conferencing later. Those Members of the Committee present constituted a quorum.

At 9:02 a.m. S. Voigt joined the meeting.

Minutes of August 12, 2022

On a motion by S. Voigt, seconded by T. Foster, the minutes of the August 12, 2022 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 5 to 0 with the Chair and J. Goldstein abstaining.

Ayushi, LLC dba Delta Hotel Burlington – Subchapter 5 – South Burlington – \$3,000,000

M. Dussault explained that Ayushi, LLC is requesting a \$3,000,000 Subchapter 5 loan for the purchase and renovation of lodging property located at 1117 Williston Road in South Burlington, Vermont. The loan will be secured by a second mortgage on Project land and building, a second security interest in all acquired business assets located at 1117 Williston Road, an assignment of the Franchise Agreement from Marriott; and the assignment of management contract between the Ayushi, LLC and Jamsan Management.

After discussion regarding projections and sensitivity analysis, on a motion by S. Voigt, seconded by J. Goldstein, the above loan request was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

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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.

Thirty Four North LLC – Subchapter 5 – Vergennes – \$5,000,000

M. Dussault explained Thirty Four North LLC is requesting a \$5,000,000 Subchapter 5 loan to purchase and renovate real property located at 34 North Street in Vergennes, Vermont. The project involves renovating the existing facility and constructing new assisted living & memory care units. The loan will be secured by a second mortgage on Project land and buildings located at 34 and 44 North Street, Vergennes, Vermont, second security interest in all 34 North business assets, assignment of the management agreement with Grand Senior Living, and assignment of the lease between 34 North and Vergennes Village, LLC.

After discussion regarding the construction contract, type of units to be built, experience of the applicant and Medicare reimbursements, T. Foster made a motion to approve the request with the contingency that Members receive additional information to satisfy questions raised on the Medicaid reimbursement flow of funds and type of units to be constructed. S. Voigt seconded the motion. The motion was approved by a vote of 5 to 1 with the Chair abstaining and B. Pearce voting in the negative. B. Pearce noted she supports projects in this sector but would like the additional information requested before providing her support on this project.

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.

At 10:01 a.m. M. Dussault left the meeting.

LC1 Owner Stowe VT LLC dba Golden Eagle Resort– Subchapter 5 Participation – Stowe – \$3,000,000

E. Denny explained Mascoma Bank is requesting VEDA purchase a \$3,000,000 participation in a \$17,600,000 loan to for the purposes of purchasing and renovating property located at 660 Mountain Road in Stowe, Vermont. The loan will be secured by a shared first mortgage on the Subject Property, shared first mortgage on 13.5 acres of vacant land located at 511 Mountain Road in Stowe, Vermont, shared first mortgage on the 4-unit residential apartment building located at 660 Mountain Road in Stowe, Vermont, shared assigned of all rents and leases on all of the above real estate, shared first security interest in all business assets of LC1 Owner Stowe VT LLC, debt service reserve and capital reserve accounts, and shared assignment of permits, plans and specs.

After discussion regarding projections and sensitivity analysis completed, on a motion by S. Voigt, seconded by T. Foster, the above loan request was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

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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.

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Uncommon Coffee LLC – VEDA Short Term Forgivable Loan Program – Essex Junction – \$108,499 -

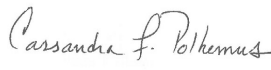
E. Denny indicated Uncommon Coffee LLC of Essex Junction is requesting a \$108,499 Forgivable Loan Program loan due to net operating losses as an impact of the pandemic.

After discussion regarding economic harm and need for the loan, on a motion by A. Eastman, seconded by R. Shippee, the above loan request was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

There being no other business to properly come before the Committee on a motion by J. Goldstein, seconded by S. Voigt, the meeting adjourned at 10:15 a.m.

ATTEST:

Vermont Economic Development Authority

By: 
Cassandra F. Polhemus, Chief Executive Officer