

VERMONT ECONOMIC DEVELOPMENT AUTHORITY  
LOAN COMMITTEE

Minutes

November 18, 2022

A meeting of the Vermont Economic Development Authority's Loan Committee convened on November 18, 2022 beginning at 9:01 a.m. Those Committee Members present via video conferencing were: S. Voigt, Chair; A. Eastman (designee for A. Tebbetts); B. Pearce; C. Carpenter; E Delhagen (designee for J. Tierney); R. Shippee; J. Goldstein (designee for L. Kurrle) and T. Foster. Also present via video conferencing was: P. Elwell, Board Member. Staff present in VEDA's offices were: J. Emens-Butler, Director of Closing and A. Wright, Executive Assistant and Office Manager. Staff present via video conferencing: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; R. Grzankowski, Chief Operations Officer; S. Isham, Director of Agricultural Lending; S. Croft, Deputy Director of Commercial Lending; C. Leonard, Agricultural Loan Officer and J. Shackman, Senior Commercial Credit Analyst. Member of the Public present via video conferencing was: K. Signorello, writer for The Essex ReTorter. Those Members of the Committee present constituted a quorum.

Minutes of October 14, 2022

On a motion by R. Shippee, seconded by T. Foster, the minutes of the October 14, 2022 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 6 to 0 with the Chair and E. Delhagen abstaining.

Loan Presentation:

Black Flannel Distilling Company, LLC – VEDA Short-Term Forgivable Loan Program – Essex Junction - \$80,711

P. Samson explained that Black Flannel Distilling Company, LLC of Essex Junction is requesting a \$80,711 Short-Term Forgivable Loan Program loan.

At 9:04 a.m., on a motion by J. Goldstein, seconded by A. Eastman, the meeting went into Executive Session to discuss the Black Flannel Distilling Co request; K. Signorello exited the meeting.

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At 9:15 a.m. S. Voigt ended the Executive Session and K. Signorello rejoined the meeting.

After discussion regarding projections and adjustments, underwriting procedures as intended by the legislation for this loan program, and supply chain issues, on a motion by J. Goldstein, seconded by R. Shippee, the above loan request was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair abstaining.

At 9:17 a.m. K. Signorello exited the meeting for the remainder of the day.

Loan Presentation:

Comfort Inn & Suites St. Johnsbury – Subchapter 5 – St. Johnsbury - \$5,000,000

S. Croft explained the Comfort Inn & Suites St. Johnsbury is requesting a \$5,000,000 Subchapter 5 loan. The loan will be secured by a second mortgage on project land and building located at 703 U.S. 5, St. Johnsbury, Vermont, second security interest in all acquired business assets, assignment of franchise agreement and assignment of management contract.

After discussion regarding environmental due diligence, energy audit, SSBCI eligibility requirements, and EV charging stations due to proximity to interstate exit, on a motion by J. Goldstein, seconded by C. Carpenter, 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, 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 \$5,000,000, which may be secured by land and buildings or by machinery and equipment, or both; unless:

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(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 \$6,000,000, 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.

Loan Presentation:

Freedom Foods, LLC – VEDA Short-Term Forgivable Loan Program – Randolph – \$350,000

S. Croft explained Freedom Foods, LLC is requesting a \$350,000 VEDA Short-Term Forgivable Loan Program loan due economic harm as an impact of the pandemic.

After discussion regarding eligibility and priority sector status, on a motion by J. Goldstein, seconded by C. Carpenter, the above loan request was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair abstaining.

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Loan Presentation:

Burlington Beer Company – VEDA Short-Term Forgivable Loan Program – Williston – \$350,000

S. Croft explained the Burlington Beer Company is requesting a \$350,000 VEDA Short-Term Forgivable Loan Program loan due to economic harm as an impact of the pandemic.

After discussion regarding eligibility requirements of the loan program, on a motion by J. Goldstein, seconded by R. Shippee, the above loan request was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair and C. Carpenter abstaining.

Loan Presentation:

LEDdynamics, Inc. – VEDA Short-Term Forgivable Loan Program – Randolph – \$350,000

S. Croft explained LEDdynamics, Inc. is requesting a \$350,000 VEDA Short-Term Forgivable Loan Program loan due economic harm as an impact of the pandemic.

After discussion regarding supply chain and staffing issues during the pandemic, other pandemic assistance, and the borrower's 2021 tax return, T. Foster made a motion to approve the request with the contingency that an amended 2021 tax return be filed as a condition of the loan forgiveness. C. Carpenter seconded the motion. The motion was approved by a vote of 7 to 0 with the Chair abstaining.

Loan Presentation:

Gevry, Ethan C. – Operating Loan (VACC) – Addison - \$85,000

C. Leonard explained Ethan C. Gevry is requesting an \$85,000 Vermont Agricultural Credit Corporation Operating Loan to finance the purchase of a 2022 W900 Kenworth 10-wheeler logging truck with a log loader and pup trailer. The loan will be secured by a security interest in a 2002 Kenworth W900 ten wheeler logging truck with a log loader, a shared security interest in borrower's livestock, machinery and equipment, and assignment of Key Man life insurance policy. Other business requests include the renewal of a \$120,000 Line of Credit for one-year, re-advance and reschedule an existing loan to Gevry Firewood LLC, and to release the FSA guarantee on a loan to Ethan C. Gevry.

After discussion regarding existing loans and business growth, 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 7 to 0 with the Chair abstaining.

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Other Business

C. Polhemus provided an update on the VEDA Short-Term Forgivable Loan Programs, indicating the number of applications received and processed.

There being no other business to properly come before the Committee on a motion by T. Foster, seconded by J. Goldstein, the meeting adjourned at 10:26 a.m.

ATTEST:

Vermont Economic Development Authority

By: \_\_\_\_\_  
Cassandra F. Polhemus, Chief Executive Officer

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