

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

ASSET LIABILITY COMMITTEE

Minutes

July 13, 2023

A meeting of the Members of the Vermont Economic Development Authority's Asset Liability Committee (ALCO) and VEDA Management convened on July 13, 2023 beginning at 10:00 a.m. Those Members of the Committee present via teleconferencing: T. Gallagher, Chair; J. Goldstein (designee for L. Kurrle) and S. Voigt. Member joining the meeting later via teleconferencing: M. Pieciak. Staff Members present via teleconferencing: C. Polhemus, Chief Executive Officer; T. Richardson, Chief Financial Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk and Resource Officer and H. Hook, Senior Accountant.

Minutes of April 23, 2023

On a motion by J. Goldstein, seconded by S. Voigt, the Minutes of the April 23, 2023 Asset Liability Committee meeting were approved by those Members of the Committee present by a vote of 3 to 0.

ALCO Summary/Dashboard Review for FY23

T. Richardson presented the ALCO dashboard and summary of FY23 results. VEDA's balance sheet remains strong with adequate liquidity, capital, and asset quality. Net assets grew at a more rapid pace than budgeted due to the swift rollout of the SSBCI program. This helped to offset the core operating results, which were negatively impacted by the rising rate environment, as VEDA is liability sensitive. Also seeing a negative impact was the loan loss reserve, which was increased due to two larger commercial relationships falling into doubtful status. Operating expenses were well managed and ended the year below budget.

At 10:11 a.m. M. Pieciak joined the meeting via teleconferencing.

FY24 Preliminary Budget Overview

T. Richardson presented the draft budget overview for FY24. The budget calls for an increase in net assets of \$9.5MM, due primarily to the continued benefit of SSBCI funding drawn down to fund loan growth. The second tranche has been requested and is expected to be received in the first quarter of FY24. The loan pipeline remains strong, with many projects approved and in the process of application.

T. Gallagher asked about the level of loan loss reserves given the potential impact from significant rate increases in the past year. T. Richardson replied that the current figure in the budget is an estimate and will be refined with the recalculation of policy guidelines with year end results, which are based on the higher of the most recent 3-year loss rate, or two times the 10-year average loss rates. Management had been conservative in keeping reserves higher than prescribed by policy due to the impact of low rates and government subsidies on overall credit quality.

T. Richardson explained the budget may need to be revisited due to the impact of the recent flooding across the state, which could potentially delay many of the new construction projects currently in the pipeline. VEDA may also be tasked with administering another flood loan program, similar to Tropical Storm Irene in 2011, which would require significant staff resources.


J. Goldstein inquired if SSBCI funding could be used for flood loans. T. Richardson responded that it would be difficult to meet program requirements for leverage targets without bank and other capital involved.

Other Business

There being no other business to properly come before the Committee, on a motion by S. Voigt, seconded by J. Goldstein, the meeting adjourned at 10:45 a.m.

ATTEST:

Asset Liability Committee

By: 

Thaddeus G. Richardson, Chief Financial Officer