

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

July 28, 2023

A meeting of the Vermont Economic Development Authority (VEDA) convened on July 28, 2023 beginning at 9:30 a.m. Members of the Authority present: S. Voigt, Chair; K. Hale; C. Carpenter; E. Delhagen (designee for J. Tierney); D. Marvin; K. Bourgeois; P. Elwell; T. Foster and T. Gallagher. Members of the Authority present via teleconferencing: M. Pieciak. Members of the Authority joining the meeting later via teleconferencing: A. Eastman (designee for A. Tebbetts) and J. Goldstein (designee for L. Kurrle). Staff present in VEDA's Montpelier office: 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. Buckley, Director of Energy and Broadband Lending; S. Isham, Director of Agricultural Lending; A. Wood, Deputy Director of Agricultural Lending; S. Croft, Deputy Director of Commercial Lending; Senior Loan Officers: E. Denny; M. Dussault and L. Rollins; J. Shackman, Senior Commercial Credit Analyst and A. Wright, Executive Assistant and Office Manager. Staff present via teleconferencing: H. Hook, Senior Accountant. Those Members present constituted a quorum.

CEO's Report

C. Polhemus opened her report welcoming L. Rollins to VEDA as a Senior Commercial Loan Officer, acknowledging Lisa's many years of experience in the banking industry.

Next, C. Polhemus provided a brief update on the pending dissolution of NCIC and VEDA's interest in a portion of their loan portfolio.

At 9:34 a.m. A. Eastman joined the meeting via teleconferencing.

C. Polhemus and R. Grzankowski discussed the recent security breach and the immediate actions taken. The extent of the breach has been assessed with the help of VEDA's IT consultant and appears no sensitive borrower information was compromised. The breach has been reported to the Vermont Attorney General's Office and the FBI.

C. Polhemus closed her report noting the extent of the devastation caused by the recent floods. VEDA is prepared to stand up a program when the need and subsidy sources are identified.

At 9:46 a.m. J. Goldstein joined the meeting via teleconferencing.

Member Area Review

Discussions ensued regarding the recent flood. J. Goldstein indicated the State has created a \$20 million grant program for businesses and non-profits. A. Eastman noted \$1 million of this grant program has been allocated to agriculture.

E. Delhagen inquired as to the number of VEDA borrowers affected by the flood. R. Grzankowski indicated that to date five borrowers have requested payment deferrals. The full impact to VEDA borrowers will continue to become known in coming days and weeks.

D. Marvin stated the recent boil water notice in Morrisville impacted maple processing operations.

E. Delhagen noted the EPA is seeking applications through the Greenhouse Gas Reduction Fund to bring solar to homes in low-income and disadvantaged communities. This is a \$7 billion national competition with 56 grants; the application deadline is September 26.

At 10:00 H. Hook exited the meeting for the remainder of the day.

Consent Agenda

Approval Item:

1. Minutes of June 30, 2023

Informational Items:

2. Strategic Plan – Quarterly Update
3. Board Loan Committee – Approval

Name	Town	Program	Loan Amount
Randolph Hospitality LLC FARM Developing LLC	Randolph	Subchapter 5	\$3,500,000

4. Staff Authority – Other Affiliate Programs – Loan Approvals

Name	Town	Program	Loan Amount
10 th Cavalry Housing, LP	Colchester	BRF	\$250,000
East Thetford Water Company, Inc.	East Thetford	DWSRLF	\$319,393

On a motion by T. Gallagher, seconded by P. Elwell, the Minutes of the June 30, 2023, Vermont Economic Development Authority meeting were approved as presented by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Board Financial Summary

T. Richardson presented his financial report, explaining Net Operating Income before fair value adjustment for investments through June 30, 2023 of \$330.5 thousand was unfavorable to budget by \$758.0 thousand. Net Interest Income of \$6,497.1 million was unfavorable to budget by \$932.3 thousand. Other Income of \$982.9 thousand was unfavorable to budget by \$90.6 thousand.

Credit Quality Report

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

Credit Risk Classification Report – 4th Quarter FY2023

Staff’s Credit Risk Classification Report recommendation for the Vermont Jobs Fund for the 4th Quarter of FY2023 ended June 30, 2023 included recommended loan loss reserves in the amount of \$2,082.1 million, a \$43.3 thousand decrease from the prior quarter.

After discussion regarding the reserves and changes recommended thereto, on a motion by K. Hale, seconded by K. Bourgeois, the loan loss reserve recommendation was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

FY2024 Budget

T. Richardson provided Members with a review of the FY2024 Budget indicating the ALCO Committee had previously met to discuss. The ALCO Committee supports approval of the budget. Due to the unknown extent of the devastation caused by the recent flood and the potential for a VEDA flood program, the FY 24 Budget is provisional and will be reviewed in the next fiscal year quarter to determine if adjustments need to be made.

After discussion regarding the assumptions due to the current economic environment, including interest rates and loan demand projections, on a motion by T. Gallagher, seconded by P. Elwell, the FY2024 Provisional Budget was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

Policy Updates

1. Compliance Management System

C. Houchens provided Members with an update to the Compliance Management System.

On a motion by C. Carpenter, seconded by K. Hale, the Compliance Management System was approved by the Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

2. Loan Review Program and Transition to Quality Control Process

C. Houchens provided Members with an update to the Loan Review Program and Transition to Quality Control Process, noting the new Quality Control Process will cover all closed loans, in contrast to the existing Loan Review Program which is administered on a sampling basis.

On a motion by T. Foster, seconded by K. Bourgeois, the updated Loan Review Program and Transition to Quality Control Process were approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

USDA RESP Resolution

T. Richardson provided Members with the USDA Rural Energy Savings Program (RESP) Resolution.

RESOLUTION ESTABLISHING THE USDA RURAL ENERGY SAVINGS PROGRAM
WHEREAS, The Vermont Economic Development Authority has developed the Vermont Rural Energy Efficiency Program for the rural areas in our service territory intended to be funded with the proceeds from the United States Department of Agriculture’s Rural Energy Savings Program;
WHEREAS, Vermont Economic Development Authority will offer low cost financing for qualifying alternative energy projects and energy efficiency improvements;

WHEREAS, Vermont Economic Development Authority has developed a comprehensive implementation work plan and financial forecast for Vermont Rural Energy Efficiency Program;

WHEREAS, Vermont Economic Development Authority has developed a comprehensive measurement and verification program in connection with Vermont Rural Energy Efficiency Program;

WHEREAS, the financial forecast, the implementation work plan and the measurement and verification program, and related documents will be considered by the Rural Utilities Service, an agency of the United States Department of Agriculture, in making a determination to make a financially feasible and adequately secure loan to Vermont Economic Development Authority;

WHEREAS, Vermont Economic Development Authority intends to submit a loan application under the Rural Energy Savings Program Loan as prescribed in the Notice of Solicitation for Applications (NOSA) published in the Federal Register, Vol. 81, No. 119 on June 21, 2016;

NOW THEREFORE BE IT RESOLVED, that Vermont Economic Development Authority approves the implementation work plan, the financial forecast and related documents in connection to the Vermont Rural Energy Efficiency Program,

BE IT ALSO RESOLVED, that Vermont Economic Development Authority’s officers, managers, and staff are authorized to carry out all necessary actions –including but not limited to the executing and attesting all necessary documentation- in connection with the loan application to participate in the Rural Energy Savings Program as provided in the NOSA;

BE IT FURTHER RESOLVED that Vermont Economic Development Authority’s officers are authorized to apply and take a loan in the amount of \$10,000,000 to carry out the Vermont Rural Energy Efficiency Program,

BE IT ALSO RESOLVED, that the loan shall bear a maturity date to cover an approximate period of 20 years.

CERTIFICATION OF SECRETARY

I, Cassandra F. Polhemus, Secretary of Vermont Economic Development Authority do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Members of Vermont Economic Development Authority on July 28, 2023, at which a quorum was present and voted.

Cassandra F. Polhemus, Secretary

After discussion regarding the Vermont Rural Energy Efficiency Program, on a motion by T. Foster, seconded by E. Delhagen, the resolution was approved by those Members of the Authority present by a vote of 11 to 0 with the Chair abstaining.

At 10:56 a.m. J. Goldstein signed off for the remainder of the meeting.

Lodging Sector Exposure Update

P. Samson provided Members with a review of VEDA's Lodging Sector Exposure and explained that exposure to the lodging sector has increased due to hotels changing ownership in recent years and banks looking to VEDA to participate in risk management for this sector. P. Samson provided details on five recent lodging sector loans approved by Staff which need ratification by the Board due to aggregate exposure to this sector. The five loans were: Stowe Village Inn \$1.0 million; Mt. Snow Mountaineer \$700,000; White House Inn \$802,000; Brandon Inn \$970,000; and Sleep Woodstock \$558,000.

At 10:58 C. Carpenter left the meeting.

After discussion regarding the current status of the five lodging loans, on a motion by T. Gallagher, seconded by T. Foster, the five Staff-approved loans were ratified by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

Loan Presentation:

Essex Resort Holdings LLC – Essex – Subchapter 5 Loan - \$1,335,000

E. Denny explained Essex Resort Holdings, LLC is requesting an increase of \$335,000 to the previously approved \$1,000,000 Subchapter 5 Loan due to increased expenses incurred in the construction phase.

At 11:04 a.m. C. Carpenter re-entered the meeting.

On a motion by K. Hale, seconded by T. Foster, the loan increase was approved by those Members of the Authority present by a vote of 10 to 0 with the Chair abstaining.

After thoroughly reviewing the loan request and proposed project, VEDA staff has made the following determinations per 10 V.S.A. § 232:

- (1) The project is within the scope of this chapter, will be of public use and benefit, and may reasonably be expected to create new employment opportunities;
- (2) The proposed site for the speculative building or small business incubator facilities will be located on adequate land owned or to be acquired by the local development corporation or leased by the local development corporation on terms satisfactory to the authority;
- (3) An adequate access road from a public highway is provided to the proposed site and that such utilities as water, sewer, and power facilities are available, or will be available when the speculative building or small business incubator facilities is completed;
- (4) 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;
- (5) The local development corporation is responsible and has presented evidence to demonstrate its ability to carry out the project as planned;
- (6) Evidence has been presented demonstrating the feasibility of the site as a location for business, and additional evidence has been presented that an adequate supply of labor is available within the labor market area to serve a business located on the site or in the small business incubator facility;
- (7) The local development corporation has made adequate provisions for insurance protection of the building while it is unoccupied and suitable arrangements have been made for fire protection and maintenance while it is unoccupied;
- (8) The project will be without unreasonable risk of loss to the authority; and
- (9) The local development corporation is unable to secure on reasonable terms the funds required for the project without the assistance of the authority, or in the alternative, the making of the loan will serve as a substantial inducement for the establishment or expansion of a speculative building or small business incubator.

Other Business

S. Voigt thanked Members for submitting their annual review of the Chief Executive Officer.

There being no other business to properly come before the Authority, on a motion by K. Hale, seconded by P. Elwell, the meeting adjourned at 11:09 a.m.

ATTEST:

Vermont Economic Development Authority

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

VERMONT AGRICULTURAL CREDIT CORPORATION

Minutes

July 28, 2023

A meeting of the Vermont Agricultural Credit Corporation (VACC) convened on July 28, 2023 beginning at 11:10 a.m. Directors of the Corporation present: S. Voigt, Chair; D. Marvin; C. Carpenter; E. Delhagen (designee for J. Tierney); K. Hale; K. Bourgeois; P. Elwell; T. Foster and T. Gallagher. Directors of the Corporation present via teleconferencing: A. Eastman (designee for A. Tebbetts) and M. Pieciak. Directors joining the meeting later via teleconferencing: J. Goldstein (designee for L. Kurrle). Staff present in VEDA’s Montpelier office: C. Polhemus, President; P. Samson, Vice President; T. Richardson, Treasurer; S. Isham, Secretary; R. Grzankowski, Assistant Secretary; C. Houchens, Chief Risk and Resource Officer; S. Buckley, Director of Energy and Broadband Lending; A. Wood, Deputy Director of Agricultural Lending; S. Croft, Deputy Director of Commercial Lending; Senior Commercial Loan Officers: E. Denny, M. Dussault and L. Rollins; J. Shackman, Senior Commercial Credit Analyst and A. Wright, Executive Assistant and Office Manager. Those Directors present constituted a quorum.

Consent Agenda

Approval Item

1. Minutes of June 30, 2023

Informational Items

2. Staff Authority – Loan Approvals

Name	Town	Loan Amount
Laura Pratt Horsemanship, LLC and Pratt, Laura	Randolph Center	\$276,250
Howrigan’s Maple Orchard, LLC; Howrigan, Ryan F.; Howrigan, Samuel W. and Howrigan, Ben J.	Fairfield	\$50,000

3. Staff Authority – Other Business

On a motion by T. Gallagher, seconded by E. Delhagen, the Minutes of June 30, 2023 were approved as presented to those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

Agricultural Update

A. Eastman provided an update on the agricultural sector, noting Vermont organic farmers who processed or shipped organic milk in 2022 are starting to receive funding relief from the State of Vermont based on extreme market challenges, receiving \$5 for every 100 pounds of milk they produced in 2022. Vermont farms are encouraged to contact the Vermont Agency of Agriculture. It was noted that a USDA Organic Dairy Assistance program has just passed in Congress.

At 11:16 a.m. J. Goldstein joined the meeting via teleconferencing.

Next, A. Eastman noted the flooding resources available as shown on the Agency of Agriculture's home page as 2023 Flooding Disaster and Recovery Resources. She emphasized the importance to document and report damage and losses to Farm Service Agency, including those experienced for crops that are not insured as federal disaster funding will be based on this reporting. A. Eastman noted how well the State emergency message system functioned, allowing some farmers time to salvage crops that would have been lost due to flooding. Feed is likely to be an issue and the Agency of Agriculture is developing a feed directory. The Agency is working on their budget based on legislation and determining how to fund current programs.

Credit Risk Classification Report – 4th Quarter FY2023

Staff's Credit Risk Classification Report recommendation for VACC for the 4th Quarter of fiscal year 2023 (ended June 30, 2023) included recommended loan loss reserves in the amount of \$1,234.9 million, reflecting a \$273.6 thousand decrease from the prior quarter.

After discussion regarding the reserves and changes recommended thereto, on a motion by P. Elwell, seconded by C. Carpenter, the recommendation was approved by those Directors of the Corporation present by a vote of 11 to 0 with the Chair abstaining.

There being no other business to properly come before the Corporation, on a motion by T. Gallagher, seconded by D. Marvin, the meeting adjourned at 11:23 a.m.

ATTEST:

Vermont Agricultural Credit Corporation

By: *Sarah C. Isham*

Sarah C. Isham, Secretary

VERMONT SMALL BUSINESS DEVELOPMENT CORP.

Minutes

July 28, 2023

A meeting of the Vermont Small Business Development Corp. (VSBDC) convened on July 28, 2023 beginning at 11:27 a.m. Directors of the Corporation present: C. Carpenter; E. Delhagen (designee for J. Tierney); D. Marvin; K. Bourgeois; K. Hale; P. Elwell; S. Voigt; T. Foster and T. Gallagher. Director present via teleconferencing: M. Pieciak; A. Eastman (designee for A. Tebbetts) and J. Goldstein (designee for L. Kurrle). Staff present in VEDA's office: C. Polhemus, President; P. Samson, Vice President; T. Richardson, Treasurer; S. Croft, Secretary; R. Grzankowski, Assistant Secretary; C. Houchens, Chief Risk and Resource Officer; S. Buckley, Director of Energy and Broadband Lending; S. Isham, Director of Agricultural Lending; A. Wood, Deputy Director of Agricultural Lending; Senior Commercial Loan Officers: E. Denny, M. Dussault and L. Rollins; J. Shackman, Commercial Credit Analyst and A. Wright, Executive Assistant and Office Manager. Those Directors present constituted a quorum.

C. Polhemus chaired the meeting.

Consent Agenda

Approval Item

1. Minutes of June 30, 2023

Informational Items

2. Staff Authority – Loan Approvals

Name	Town	Loan Amount
Queen City Dry Goods LLC	Williston	\$126,500
Island Flavor LLC and NewCo LLC	Bennington	\$152,000

3. Staff Authority – Other Business

On a motion by S. Voigt, seconded by M. Pieciak, the Minutes of the June 30, 2023 meeting were approved by those Directors of the Corporation present by a vote of 12 to 0.

Credit Risk Classification Report – 4th Quarter FY2023

Staff’s Credit Risk Classification Report recommendation for the Vermont Small Business Development Corp. for the 4th quarter of fiscal year 2023 (ended June 30, 2023) included recommended loan loss reserves in the amount of \$775.1 thousand, reflecting a \$30.2 thousand increase from the prior quarter.

After discussion regarding the reserves and changes recommended thereto, on a motion by K. Hale, seconded by C. Carpenter, the recommendation was approved by those Directors of the Corporation present by a vote of 12 to 0.

There being no other business to properly come before the Corporation, on a motion by C. Carpenter, seconded by A. Eastman, the meeting adjourned at 11:29 a.m.

ATTEST:

Vermont Small Business Development Corp.

By: 

Sandra Croft, Secretary

VERMONT 504 CORPORATION

Minutes

July 28, 2023

A meeting of the Vermont 504 Corporation convened on July 28, 2023 beginning at 11:24 a.m. Directors of the Corporation present: C. Carpenter, E. Delhagen (designee for J. Tierney); D. Marvin; K. Bourgeois; K. Hale; P. Elwell; S. Voigt; T. Foster and T. Gallagher. Directors present via teleconferencing: A. Eastman (designee for A. Tebbetts); J. Goldstein (designee for L. Kurrle) and M. Pieciak. Staff present in VEDA's office: C. Polhemus, President; P. Samson, Vice President; T. Richardson, Treasurer; S. Croft, Secretary; R. Grzankowski, Assistant Secretary; C. Houchens, Chief Risk and Resource Officer; S. Buckley, Director of Energy and Broadband Lending; S. Isham, Director of Agricultural Lending; A. Wood, Deputy Director of Agricultural Lending; Senior Commercial Loan Officers: E. Denny, M. Dussault and L. Rollins; J. Shackman, Commercial Credit Analyst and A. Wright, Executive Assistant and Office Manager. Those Directors present constituted a quorum.

C. Polhemus chaired the meeting.

Consent Agenda

Approval Item

1. Minutes of June 30, 2023

On a motion by C. Carpenter, seconded by M. Pieciak, the Minutes of June 30, 2023 were approved by those Directors of the Corporation present by a vote of 12 to 0.

At 11:25 D. Marvin exited for the remainder of the meeting.

Credit Risk Classification Report – 4th Quarter FY2023

Staff's Credit Risk Classification Report recommendations for the Vermont 504 Corporation for the 4th Quarter of FY2023 (ended June 30, 2023) included recommended loan loss reserves in the amount of \$152.6 thousand, reflecting a \$6.2 thousand increase from the prior quarter.

After discussion regarding the reserves and changes recommended thereto, on a motion by P. Elwell seconded by K. Hale, the recommendation was approved by those Directors of the Corporation present by a vote of 11 to 0.

Loan Review Program – Policy Update and Transition to Quality Control Process

C. Houchens provided Directors with an overview of the Loan Review Policy and Transition to Quality Control Process.

On a motion by T. Gallagher, seconded by S. Voigt, the Loan Review Policy and Transition to Quality Control Process was approved by those Directors of the Corporation present by a vote of 11 to 0.

There being no other business to properly come before the Corporation, on a motion by K. Hale, seconded by K. Bourgeois, the meeting adjourned at 11:26 a.m.

ATTEST:

Vermont 504 Corporation

By: 

Sandra Croft, Secretary

By: _____
Vermont 504 Corporation Director