

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

LOAN COMMITTEE

Minutes

December 8, 2023

A meeting of the Vermont Economic Development Authority's Loan Committee convened on December 8, 2023 beginning at 9:05 a.m. Those Committee Members present via videoconferencing: S. Voigt, Acting Chair; A. Eastman (designee for A. Tebbetts); E. Delhagen (designee for J. Tierney); J. Goldstein (designee for L. Kurrle); M. Pieciak; R. Shippee and T. Gallagher. Committee Members present via teleconferencing: T. Foster. Staff present via videoconferencing: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; C. Houchens, Chief Financial Risk and Resource Officer; S. Buckley, Director of Energy and Broadband Lending; S. Croft, Deputy Director of Commercial Lending; S. Isham, Director of Agricultural Lending; A. Wood, Deputy Director of Agricultural Lending; J. Emens-Butler, Director of Closing; Agricultural Loan Officers: E. Hall and C. Leonard; K. Demars, Agricultural Credit Analyst; Commercial Credit Analysts: J. Shackman and M. Harris, and A. Wright, Executive Assistant and Facilities Manager. Staff joining the meeting later via videoconferencing: E. Howrigan, Agricultural Loan Officer. Those Members of the Committee present constituted a quorum.

Minutes of November 17, 2023

On a motion by M. Pieciak, seconded by R. Shippee, the Minutes of the November 17, 2023 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 7 to 0 with the Acting Chair abstaining.

Loan Presentations:

NEK Community Broadband – St. Johnsbury – Sub 5 & BBLP – \$1,821,304 and \$4,000,000

S. Buckley indicated NEK Community Broadband is requesting an increase of \$821,304 on VEDA's Subchapter 5 loan for a total loan of \$1,821,304 and to also renew the \$4,000,000 commitment under the Broadband Expansion Loan (BBLP) program. To meet the requirements of the USDA ReConnect Grant, VEDA will have a first security interest in a different part of the NEK Community Broadband network. This new collateral consists of a service area that is fully funded by grants from VCBB and construction is underway with some areas already serving

customers. The loan will be secured by a first security interest in all fiber assets, networking equipment, and any other hardware necessary to operate NEK Broadband's network located in the geographic area defined in the VCBB Grant agreement and collateral assignment of all contracts and lease agreements necessary for NEK Broadband to conduct business within the aforementioned geographic area. The Broadband Expansion Loan will be secured by a second security interest in all fiber assets, networking equipment, and any other hardware necessary to operate NEK Broadband's network located in the geographic area defined in the VCBB Grant Agreements subject to VEDA's Subchapter 5 loan, and collateral assignment of all contracts and lease agreements necessary for NEK Broadband to conduct business within the aforementioned geographic area.

On a motion by R. Shippee, seconded by M. Pieciak, the Sub 5 loan modification and BBLP renewal requests were approved by those Members of the Committee present by a vote of 7 to 0 with the Acting 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:
  - (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 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 9:15 a.m. E. Howrigan joined the meeting via teleconferencing.

Spear Street Solar, LLC – S. Burlington – Com Energy – \$676,292 and \$500,000

S. Buckley presented loan requests from Spear Street Solar, LLC (SSS) for the purpose of operating a group net metered 500kW solar array in South Burlington, Vermont. The \$676,292 commercial energy loan (“A” loan) will be secured by a first security interest in all the Borrower’s Project machinery and equipment and all other now owned or hereafter acquired business assets; collateral assignment of the Act 248 Certificate of Public Good for SSS; collateral assignment of the Group Net Metering Agreement with Champlain Mill Restaurant, LLC; collateral assignment of the Engineering, Procurement and Construction (EPC) Agreement, and all other contracts involved in constructing, operating, monitoring and maintaining the Project Facility; collateral assignment of Borrower’s right under a 20-year land lease agreement with 600 Spear FJT, LLC and 600 Spear EBT, LLC, tenants in common; collateral assignment of Interconnection Agreement with GMP; and the personal guaranty of Frank and Ed von Turkovich. The \$500,000 commercial energy loan (“B” loan) will be secured by a second security interest in all SSS’ Project machinery and equipment, subject to the first security interest of the VEDA “A” loan; second security interest in all other now owned or hereafter acquired business assets of SSS, subject to the first security interest of the VEDA “B” loan; fourth security interest in all other now owned or hereafter acquired business assets of SFS, subject to the first security interest of NSB for their existing loan and letter of credit, and second security interest of the VEDA existing loan; collateral assignment of the Act 248 Certificated of Public Good for

SFS; collateral assignment of the of the Group Net Metering Agreements for SFS; collateral assignment of the Engineering, Procurement and Construction (EPC) Agreement, and all other contracts involved in constructing, operating, monitoring and maintaining the Project facility; collateral assignment of Borrower's rights under a 20-year land lease agreement with 600 Spear FJT, LLC and 600 Spear EBT, LLC, tenants in common; collateral assignment of Interconnection Agreement with BPD; and the personal guaranty of Frank and Ed von Turkovich.

On a motion by R. Shippee, seconded by A. Eastman, the Commercial Energy Loan requests were approved by a vote of 7 to 0 with the Acting Chair abstaining.

Pyle, Michael L. and Julie L. – Bridport – Farm Ownership Loan (VACC) – \$408,000

E. Hall indicated Michael L. and Julie L. Pyle are requesting a \$408,000 VACC Farm Ownership Loan to refinance an existing Feed Commodities International, Inc. (FCI) note that originally accrued as feed expense from the dairy operation that ceased in 2020. The loan will be secured by a junior mortgage lien on approximately 580 acres of real estate and the buildings thereon located in Bridport, Vermont, subject to VACC and FSA mortgages.

After discussion regarding Feed Commodities note interest rate and the Borrower's strong work ethics, on a motion by T. Gallagher, seconded by T. Foster, the VACC Farm Ownership Loan was approved by those Members of the Committee present by a vote of 7 to 0 with the Acting Chair abstaining.


Other Business

C. Polhemus reminded Members of the upcoming Asset Liability Committee and December Board meeting being held on December 15. C. Polhemus also noted that the January quarterly in-person meeting will include t guests from the housing sector.

There being no other business to properly come before the Committee the Members voted unanimously to adjourn at 9:36 a.m.

ATTEST:

Vermont Economic Development Authority

By:   
Cassandra F. Polhemus, Chief Executive Officer