

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

LOAN COMMITTEE

Minutes

February 8, 2024

A videoconferencing meeting of the Vermont Economic Development Authority's Loan Committee convened on February 8, 2024 beginning at 10:30 a.m. Those Committee Members present: T. Foster, Chair; A. Eastman (designee for A. Tebbetts); E. Delhagen (designee for J. Tierney); J. St. James (designee for M. Pieciak); R. Shippee; S. Voigt and T. Gallagher. Members joining the meeting later: J. Goldstein (designee for L. Kurrle) and C. Carpenter. Staff present: C. Polhemus, Chief Executive Officer; P. Samson, Chief Lending Officer; T. Richardson, Chief Financial Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Financial Risk and Resource Officer; S. Isham, Director of Agricultural Lending; S. Croft, Deputy Director of Commercial Lending; E. Denny, Senior Commercial Loan Officer; J. Shackman, Commercial Credit Analyst and A. Wright, Executive Assistant and Facilities Manager. Those Members of the Committee present constituted a quorum.

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On a motion by S. Voigt, seconded by T. Gallagher, the Minutes of the December 8, 2023 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

(At 10:31 a.m. J. Goldstein and C. Carpenter joined the meeting.)

Loan Presentation:

Silt LLC dba Silt Botanical Bathhouse – Burlington – Subchapter 5 Loan – \$6,000,000

E. Denny indicated Silt LLC is requesting a \$6,000,000 Subchapter 5 Loan for the construction of a Nordic-style spa and wellness facility to be located in Burlington, Vermont. Discussion ensued regarding the Brownsfield site, remediation completed to date and remediation needed to receive a Corrective Action Plan (CAP). E. Delhagen noted his

appreciation for the many energy efficiency improvements, including the geothermal heating system and suggested that consideration be made for outdoor water activities due to associated fossil fuel concerns. J. Goldstein recommended that borrowers investigate potential insurance to cover additional remediation, if needed.

The loan will be secured by a second mortgage on the land and buildings, subject to a first mortgage for the Project loan, assignment of all rents and leases on the Project real estate, a general assignment of all plans, specs and permits related to the construction of the real estate, and a fourth security interest in all business assets subject to the first security interest, the third-party lender's second security interest, and the third security interest.

On a motion by J. Goldstein, seconded by S. Voigt, the Silt LLC Subchapter 5 loan request was approved by those Members of the Committee present by a vote of 7 to 0 with E. Delhagen and 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:
 - (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).

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(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.

Other Business

C. Polhemus noted that with the quarterly full Board meeting scheduled for April, monthly informational items will continue to be shared with Members on the usual posting date.

There being no other business to properly come before the Committee the meeting unanimously adjourned at 11:01 a.m.

ATTEST:

Vermont Economic Development Authority

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