



## VERMONT ECONOMIC DEVELOPMENT AUTHORITY

*2016 Annual Report*



## VEDA BOARD

Left to right: Chris Recchia, Lucy Leriche, Ken McEwan, Jolinda LaClair (designee for Chuck Ross), John Snow, Tammy Richards, Dan Kurzman, Betsy Bishop and Will Patten

Missing: Tom Gallagher, Leon Graves, Beth Pearce, Jane O'Meara Sanders, and Michael Snyder

### MISSION:

*To contribute to the creation and retention of quality jobs in Vermont by providing loans and other financial support to eligible and qualified Vermont industrial, commercial and agricultural enterprises*



Front row, left to right: Mariah Miller, Tom Porter, Louise Anair, Steve Greenfield, Jo Bradley, Katrina Kilpatrick, Sandy Croft, Bill Roberts

Second row, left to right: Jodi Parker, Andy Wood, Heidi Hook, Debbie Izor, Carolyn Ridpath, Heather Collier, and Cindy Houston

Third row, left to right: Sam Buckley, Kara Fassett, Nancy Gonneville, Margaret Baird, Marie Dussault, Heidi van Gulden and Jennifer Pinsonneault

Fourth row, left to right: Eun-Young Denny, Ann Miller, Sarah Isham, Ellen Paradee, Cassie Polhemus and Colleen Leonard

Back row, left to right: Peter Fitzgerald, Jamison Kimberly, Chris Anderson, Ethan Bond, Dave Carter and Dave Blow

Missing: Alan Curler, Carol Brown, Barry Koch, Kelly Leonard and Melanie Scott

## VEDA STAFF



# 2016 TRANSMITTAL LETTER

The Honorable Peter Shumlin  
Governor, State of Vermont  
Pavilion Office Building  
Montpelier, Vermont

October 28, 2016

Dear Governor Shumlin,

The Staff and Board of Directors of the Vermont Economic Development Authority (VEDA) are pleased to submit to you our Annual Report for the fiscal year ended June 30, 2016. This report marks VEDA's 42nd year of providing financing to help Vermont businesses and farms grow and create jobs.

In FY 2016, VEDA approved financings of \$129 million as compared with last year's approvals of \$88 million. The Authority also surpassed any prior year's agricultural loan approvals – \$25.8 million in FY 2016 to Vermont farmers, agricultural facilities, forestry and forest product-based businesses. The amount of private capital leveraged in VEDA-financed projects rose to \$162 million in FY 2016, compared to \$93 million the year before, and \$82 million the year before that.

The Authority began utilizing the SBA's Community Advantage Program this year, enabling VEDA to secure guarantees on smaller loans. Thanks to these guarantees, VEDA is able to participate in riskier projects that might otherwise not go forward. The Authority also has increased its operational capacity to meet the needs of its customers. VEDA now has five offices throughout Vermont – in Montpelier, Burlington, Middlebury, St. Johnsbury and Brattleboro – making it more convenient for our customers to transact their financing business.

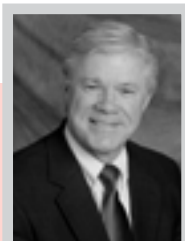
With each passing year since VEDA began its energy lending program, the impact of VEDA-financed renewable energy projects throughout Vermont has grown. In FY 2016, VEDA closed 26 renewable energy loans totaling \$16.6 million. Since VEDA began making energy loans, the Authority has financed a total of 62 solar energy projects, including two municipally-owned projects financed during FY 2016 through VEDA's issuance of federal Clean Renewable Energy Bonds (CREBs). The total electrical capacity of all these systems now exceeds 28 MW. The annual estimated power production of the combined systems totals 43 gigawatts of electricity – enough to power 6,245 typical Vermont homes.

As of June 30, 2016, VEDA had assets of \$274.8 million, with a loan portfolio totaling \$259 million. Since its inception in 1974, VEDA has approved financings totaling over \$2.288 billion. The Authority wants to recognize and thank its dedicated and hardworking Staff and Board for making these achievements possible. We also appreciate the strong support of VEDA's work by Vermont's Legislative leaders, and the helpful collaborations with our many economic development and financing partners throughout the state.

Thank you, Governor, for all the help and encouragement your Administration has provided.



Rosalea 'Jo' Bradley  
Chief Executive Officer



Kenneth D. McEwan  
Chair



## DEDICATION

We dedicate this year's Annual Report to Steve Greenfield who, after 31 years of service to the Authority, has decided it is time to retire. Best wishes from all of us, Steve, for a bright and happy future.



## VEDA MANAGEMENT TEAM

From left: Dave Carter, Tom Porter, Jo Bradley, Sarah Isham, Steve Greenfield and Cassie Polhemus



## VEDA FY 2016 HIGHLIGHTS



*In FY 2016, VEDA approved financings of \$129 million as compared with last year's approvals of \$88 million.*



*In FY 2016, VEDA surpassed any prior year's agricultural loan approvals – \$25.8 million for the year.*



*VEDA financed 26 renewable energy generation projects totaling \$16.6 million.*



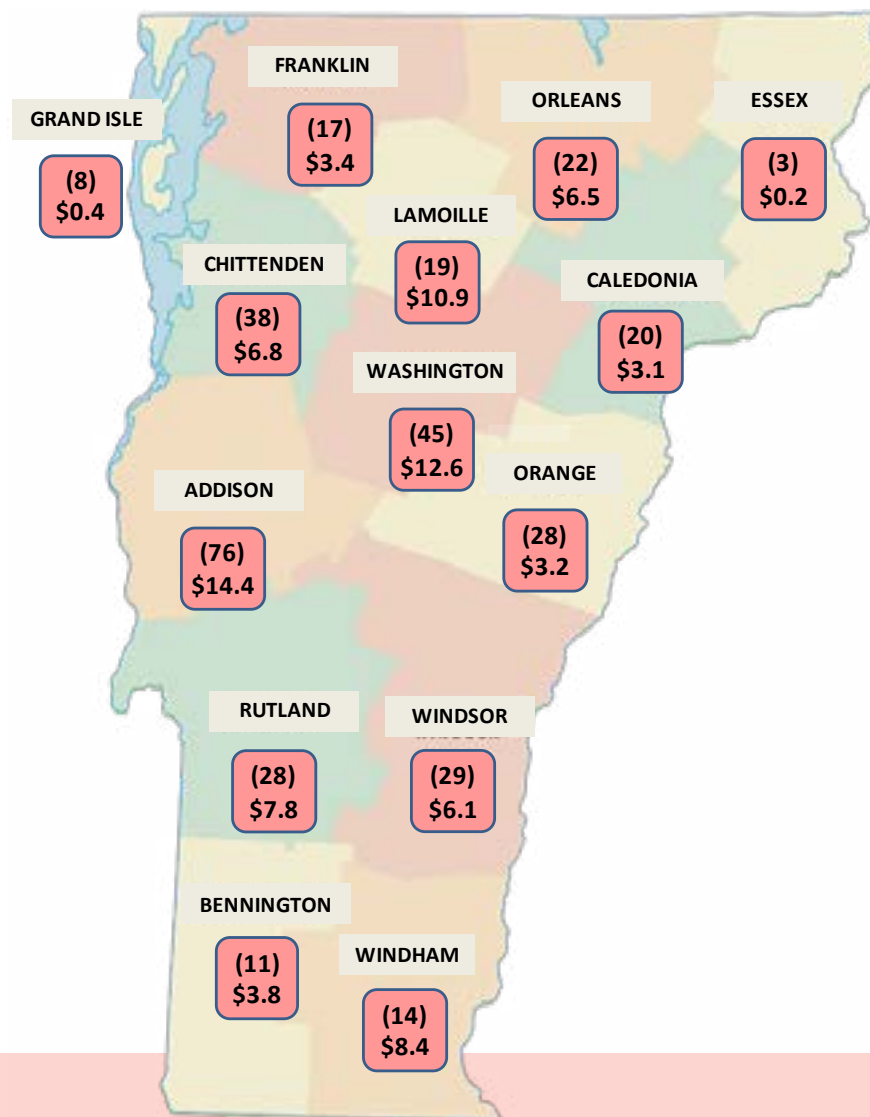
*As of June 30, 2016, VEDA had assets of \$274.8 million, with a loan portfolio totaling \$259 million.*



*VEDA financings  
leveraged*

**\$162 MILLION**  
*in additional capital.*

## VEDA FY 2016 FINANCINGS BY COUNTY 358 LOANS TOTALING \$87.6 MILLION



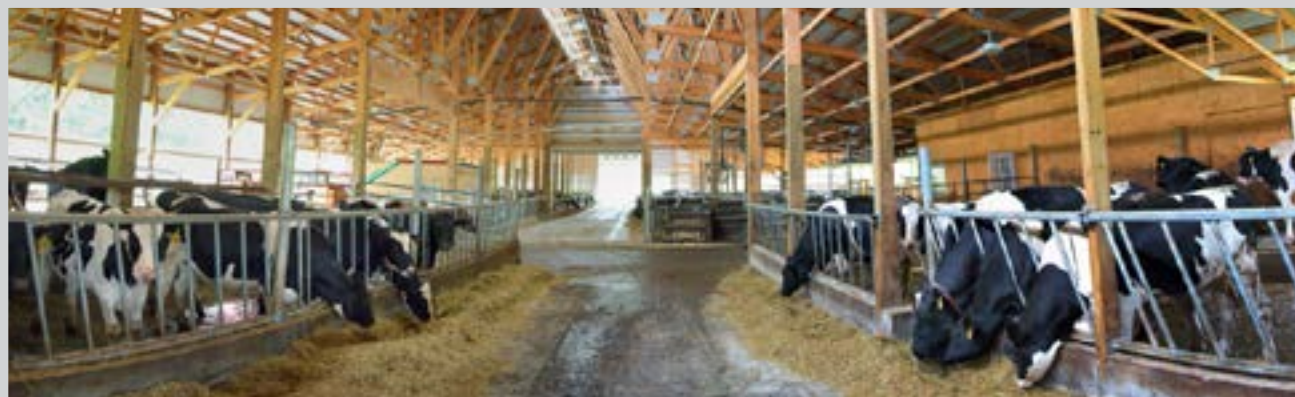
## AGRICULTURAL LOANS



**MACH FARM, INC.** is a family-owned 674-acre dairy farm situated on the Mettowee River in Pawlet. In May of 2016, the farm's older 88-stall barn that was used to house heifers, as well as the attached milking parlor, were severely damaged by fire. While only one animal was lost in the fire, the buildings involved were considered a total loss.

A newer freestall barn was not damaged in the blaze, but because the milking parlor was destroyed, the

farm's milking herd was relocated to a neighboring farm to be milked. With the help of \$300,000 in VACC financing, the farm's owner, Philip 'Phil' Mach, reconstructed the lost heifer barn. Having wanted to automate the milking at Mach Farm for some time, Phil also constructed a 50' barn addition to the newer freestall barn to house three new Lely robotic milkers. Mach Farm's cows are back home again.



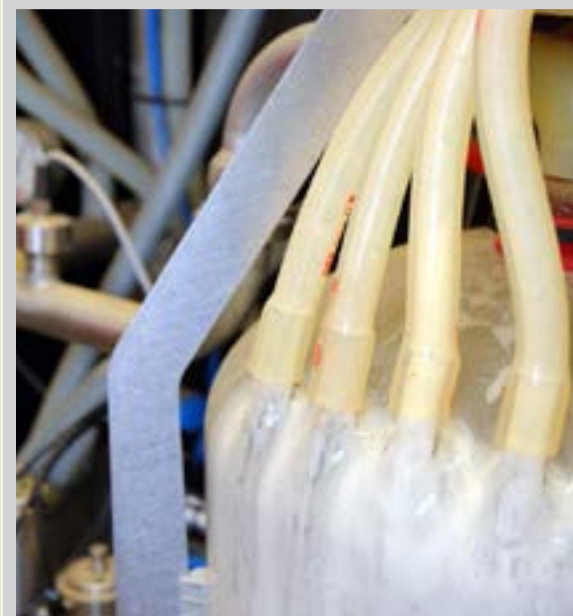
## FY 2016 Agricultural Loans Approved

Name	County	Amount
Ackermann Enterprises	Washington	\$ 228,000
Aines, Dale & Tina	Bennington	158,000
Aines, Dale & Tina	Bennington	165,000
Allen, Ray	Grand Isle	35,000
Allen, Ray	Grand Isle	77,000
Bahnck, Alethea	Addison	35,000
Bazin Farm Partnership	Windham	30,000
Bazin Farm Partnership	Windham	129,200
Belter, John & Joyce	Chittenden	122,000
Bessette Enterprises	Franklin	200,000
Birds Eye View	Caledonia	236,000
Blissful Dairy	Addison	700,000
Blissful Dairy	Addison	40,000
Blissful Dairy	Addison	135,000
Blissful Dairy	Addison	500,000
Boutin, Sarah	Orleans	126,000
Boutin, Sarah	Orleans	15,000
Brace Farm	Addison	97,600
Brace Farm	Addison	30,000
Bread and Butter Farm	Chittenden	107,500
Briggs, Dale	Addison	660,000
Burnt Rock Farm	Chittenden	15,000
Burnt Rock Farm	Chittenden	155,000
Cain, Donald & Sara	Washington	212,000
Caledonia Spirits	Caledonia	500,000
Carabeau, Larry & Cristine	Rutland	200,000
Carrier, Charles	Orange	300,000
Carrier, Charles	Orange	50,000
Chapin, Jonathan	Addison	125,000
Chapman, Randall & Ann	Orange	265,000
Chapman, Randall & Ann	Orange	20,000
Chimney Point Farm	Addison	70,000
Chimney Point Farm	Addison	30,000
Clark, Savanna & Richard	Washington	25,500
Clark, Savanna & Richard	Caledonia	21,500
Cochran Cousins	Chittenden	100,000
Colvin, Gerald & Diane	Rutland	20,000
Connor, Leo	Addison	15,000
Connor, Leo & Cheryl	Addison	108,000
Correia Family Ptnrshp.	Addison	76,000
Crazy 8 Farm	Orleans	109,500
Dairy Air Farm	Orleans	250,000
Davenport, Alan & Christine	Rutland	13,700
Davidson, Hannah	Rutland	53,400
Davis, Gary & Tammy	Chittenden	100,000
Decker, Daryl	Lamoille	4,000
Degraaf, Harold	Addison	30,000

## FY 2016 Agricultural Loans Approved

Degraaf, Harold & Anje	Chittenden	83,000	J & M Ladd Families Farm	Grand Isle	50,000
Delaney Stables	Windsor	5,000	Jones, Steven D. & Susan G.	Windham	35,000
Dog River Farm	Washington	40,000	Judd, Travis H.	Orleans	20,000
Don-Sim Farm Partnership	Caledonia	40,000	Judd, Travis H.	Orleans	65,000
Drinkwine, Keith	Addison	13,000	Kehoe, Dan M. & Corinne E.	Addison	133,000
Essex Farm	Addison	406,500	Kehoe, Dan M. & Corinne E.	Addison	35,500
Essex Farm	Addison	188,500	Kelly, Mitchell E.	Addison	96,500
Ferris, Michael	Orange	30,000	Kelly, Mitchell E.	Addison	60,000
Ferris, Michael & Amy	Orange	38,500	Kimball Brook Farm	Addison	225,500
Ferris, Randall & Amy	Orange	240,000	Kimball Brook Farm	Addison	50,000
Fisher, Shannon & George	Caledonia	47,000	LaClair, Michael (Sr.) & Cecile	Chittenden	100,000
Fisher, Shannon & George	Caledonia	10,000	LaCoss, Brian	Caledonia	29,000
Fletcher, Fred	Lamoille	1,000	Lambert, Jennifer & Jesse	Orange	80,000
Fletcher, Fred (Sr.)	Lamoille	6,100	LaRowe, Nancy	Windsor	125,000
Forgues, John & Billie Jo	Addison	125,000	LaRowe, Nancy	Windsor	250,000
FPF Partners	Windsor	22,500	Laughing Child Farm, LLC	Rutland	35,000
Gates Farm, LLC	Lamoille	185,000	Lawyer, Kevin M.	Franklin	10,000
Gildrien, Jeremy & Caitlin	Addison	50,000	LeBlanc, Jonathan & Rachel	Caledonia	200,000
Glen-Mar Dairy	Rutland	27,000	Lepesqueur, Benjamin & Lorelei	Franklin	15,000
Graham Farms Partnership	Orange	12,000	Lewisholm Valley Farm, Inc.	Rutland	75,000
Graham Farms Partnership	Orange	20,000	Lewisholm Valley Farm, Inc.	Rutland	45,650
Graham Farms Partnership	Orange	94,000	Lilley, Douglas M.	Washington	10,000
Gravel, Lucien, Portia, Dean & Julie	Lamoille	30,000	Lilley, Douglas M.	Washington	10,300
Greaves, Jeremy & Kandi	Caledonia	155,000	Lucas Dairy, LLC	Addison	50,000
Green Mountain Harvest	Washington	52,500	Lucas Dairy, LLC	Addison	180,000
Green Mountain Harvest	Washington	20,000	Lucas Dairy, LLC	Addison	242,500
Green Mountain Harvest	Washington	125,000	Lussier Dairy at Lone Pine Farm	Rutland	50,000
Guillemette, Kyle, Bernard & Jessica	Chittenden	225,000	Lussier Dairy at Lone Pine Farm	Rutland	138,000
Hall and Breen Farm	Addison	54,000	Mach Farm, Inc.	Rutland	300,000
Hanfield, William B.	Rutland	10,000	Machia, Thomas J.	Franklin	50,000
Hart-Ahonen, Patricia & Timothy	Chittenden	12,800	Machia, Thomas & Mary	Franklin	125,000
Harwood, Alden K.	Addison	300,000	Madison, George & JoAnn	Addison	250,000
Hoadley, David (Sr.) & Mary Jane	Orleans	3,500	Madison, George & JoAnn	Addison	225,000
Holton, Joel & Wilhelmina	Windham	89,000	Masse Poultry Processing	Orleans	15,000
Hopewell Farm, LLC	Orange	18,000	Meacham, Edward	Windsor	15,000
Hotte, Jesse J.	Addison	26,500	Meacham, Edward & Kelly	Windsor	30,000
Hourihan, Richard M.	Washington	10,000	Messier, Janet F.	Orange	110,500
Hourihan, Richard M.	Washington	42,000	Messier, Janet F.	Orange	6,750
Hourihan, Richard M.	Washington	22,500	Messier, Janet F.	Orange	72,400
Howrigan, Michael D.	Franklin	15,000	Mierop Farms, Inc.	Addison	132,500
Hunt, Robert J.	Addison	80,000	Mighty Food, LLC	Bennington	182,000
Island Acres Farm, LLC	Grand Isle	30,000	Miller Dwight Read	Windham	405,000
J & M Ladd Families Farm	Grand Isle	60,000	Molly Brook Farm, LLC	Washington	20,000
			Murray, Gordon & Patsy	Caledonia	30,000
			Nadeau, Aaron D.	Orleans	17,500

## AGRICULTURAL LOANS



*"I very much appreciate the financing help and understanding of the dairy industry that VACC provided. It helped us recover from a difficult event and upgrade our milking systems at the same time."*

- Phil Mach  
Mach Farm, Inc.



## AGRICULTURAL LOANS



### CALEDONIA SPIRITS, INC.

Established in 2009, Caledonia Spirits is an award-winning manufacturer of the small-batch craft distilled spirits brand Barr Hill. Products include Gin, Barrel Aged Gin (Tom Cat), and Vodka. Based in Hardwick, Caledonia Spirits has experienced rapid growth as the popularity and distribution of their products increases across Vermont and the rest of the country. The company sources its raw ingredients as locally as possible, right down to the barrels in which they store their product. VACC approved \$500,000 in financing to help Caledonia Spirits undertake a machinery and equipment expansion project at their distillery to meet growing product demand. The company will increase production and distribution of its current line of spirits, and expand its manufacturing into aged whiskey. Currently, Caledonia Spirits has eighteen full-time positions, in addition to twenty part-time and seasonal positions.



*"Our company is in a high-growth phase and VEDA has been there for us every step of the way. We appreciate their professionalism, attention to detail, and willingness to help us grow. They moved quickly to meet the needs of our business with our recent loan. Thanks to VEDA, we are able to have the funds to buy the equipment we need."*

- Minty Conant  
Caledonia Spirits, Inc.



## FY 2016 Agricultural Loans Approved

Nadeau, Aaron & Chantale	Orleans	1,070,000
Nadeau, Aaron & Chantale	Orleans	97,000
Newton, Stephen P.	Washington	7,300
Newton, Stephen & Denise	Washington	17,000
Nolan, Eli J. & Kevin M.	Lamoille	25,000
Nolan, Eli J. & Kevin M.	Lamoille	4,000
Nolan, Joseph G.	Bennington	10,000
Nuzzo, Robert C.	Lamoille	125,000
Oberkirch (III), Frederick P.	Rutland	53,000
Olcott, Gary A.	Caledonia	127,000
Olcott, Gary A.	Caledonia	35,000
Olcott, Gary (Sr.) & Veronica	Caledonia	56,000
Ouellette, Steven, Sherry & Aaron and Pope, Stephanie	Addison	100,000
Paquin, IJ & Erin W.	Washington	59,500
Parent, Paul J.	Addison	45,000
Parent, Paul J. & Karen S.	Addison	126,770
Parent, Paul J. & Karen S.	Addison	75,000
Parlo, Todd & Augustyniak, Lori	Caledonia	60,000
Pearo, Philip R. & Aileen H.	Grand Isle	27,000
Peaslee, Janice & Janice L. Peaslee Trust	Essex	90,000
Peaslee, Janice L. & Janice L. Peaslee Trust	Essex	60,000
Pine Hill View Farm II, LLC	Bennington	10,000
Pine Hill View Farm II, LLC	Bennington	125,000
Pine Hill View Farm II, LLC	Bennington	150,000
Pinello Farm, A Partnership	Orange	640,000
Pinello Farm, A Partnership	Orange	300,000
Pinello Farm, A Partnership	Orange	750,000
Pinello Farm, A Partnership	Orange	50,000
Pullman, David L.	Orange	23,000
Pullman, David L.	Orange	67,000
Pyle, Michael L.	Addison	50,000
Quesnel, Randall (Sr.) & Jean	Addison	100,000
Quesnel, Randall (Sr.) & Jean	Addison	50,000
Red Wagon Plants, Inc.	Chittenden	55,500
Reed, Allen G.	Orleans	9,850
Reed, Allen G.	Orleans	26,400
Reed, Allen G. & Janet M.	Orleans	89,000
Rivers, Jamie R. & Laura L.	Orleans	141,000
Rivers, Jamie R. & Laura L.	Orleans	203,000
Robeth Holsteins, LLC	Windsor	228,000
Rogers Farmstead, LLC	Washington	30,000
Rogers Hill Sugar Maple Farm	Orange	75,000
Rogers Hill Sugar Maple Farm	Orange	15,000
Rogers Hill Sugar Maple Farm	Orange	328,500

Roleau, Trent L. & Abigail E.	Addison	17,800
Running Stone Bread, LLC	Chittenden	50,000
Russo, Jeremy C.	Rutland	17,000
Russo, Jeremy C. & Jennie C.	Rutland	21,000
Scholtzen, Roger H. & Patricia J.	Addison	456,000
Scotch Burn Farm, LLC	Caledonia	26,000
Scribner, Catherine	Washington	62,000
Scribner, Benjamin & Stohlberg, Katy	Washington	300,000
Scribner, Catherine J.	Washington	100,000
Scribner, Catherine J.	Washington	80,000
See Green Farm, LLC	Addison	54,000
See Green Farm, LLC	Addison	30,500
See Green Farm, LLC	Addison	362,000
Shat-Acres Farm	Caledonia	29,000
Sidelands Sugarbush, Inc.	Windham	25,000
Small, Doug	Lamoille	72,500
Smith, Jerry W.	Windham	195,501
Solinsky, Jeffrey J. & Jean N.	Caledonia	261,250
Solinsky, Jeffrey J. & Jean N.	Caledonia	55,500
Somers, Brian L. & Kathleen L.	Caledonia	50,000
Standard Milk, LLC	Orleans	715,000
Steeple Ridge Farm, LLC	Addison	12,500
Steeple Ridge Farm, LLC	Addison	675,000
Stevenson, Jacob A.	Caledonia	32,400
Stonewood Farm, Inc.	Addison	525,000
Sunrise Orchards, Inc.	Addison	150,000
Sweet, Ronnie J. (II)	Franklin	75,000
Sweet, Ronnie J. (II)	Franklin	10,000
Tanner, Hayden (Jr.) & Elizabeth	Caledonia	28,500
Tanner, Hayden (Jr.) & Elizabeth	Caledonia	20,000
Taylor Valley View Farm	Orange	44,000
Templeton Farm, LLC	Washington	60,000
Templeton Farm, LLC	Washington	40,700
Thomas, Brad D.	Addison	60,000
Turner, Jon & Ward-Turner, Catherine	Addison	25,000
Turner, Jon & Ward-Turner, Catherine	Addison	92,500
Twombly, Joseph & Benedict, Jennifer	Orange	20,000
Valley Dream Farm, LLC	Lamoille	40,000
Veldman, Harry, Johanna, Ben & William	Addison	100,000
Vinton, Jason S. & Tori P.	Orange	11,000
Visser Brothers Farm	Addison	255,000

Visser Brothers Farm	Addison	65,000
Waite, Christopher S.	Rutland	76,000
Washer, Jeremy B.	Orleans	10,000
Washer, Jeremy B. & Tracy J.	Orleans	25,250
Webb, Tyler G. & Melanie J.	Franklin	140,000
Willard, Calvin C. & Alison C.	Caledonia	151,500
Winterwood Timber Frames	Washington	100,000
Woodcock Farm Cheese Co.	Windsor	65,000
<b>Total</b>		<b>\$25,837,621</b>



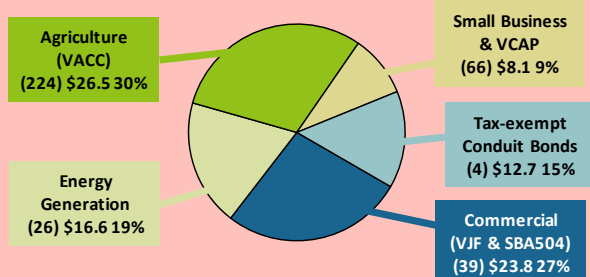
*VEDA set a record in FY2016 for  
agricultural loans approved -*

**\$25.8 MILLION**

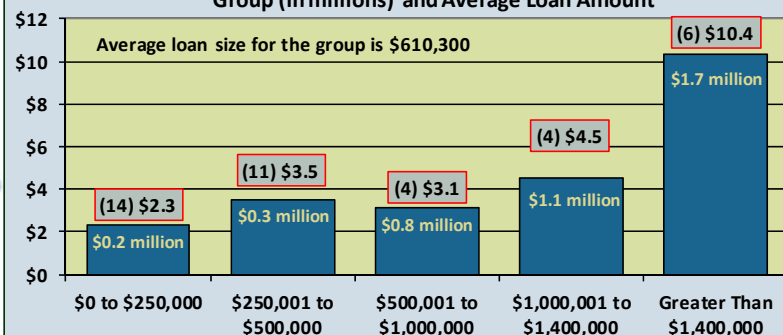


# VEDA BY THE NUMBERS

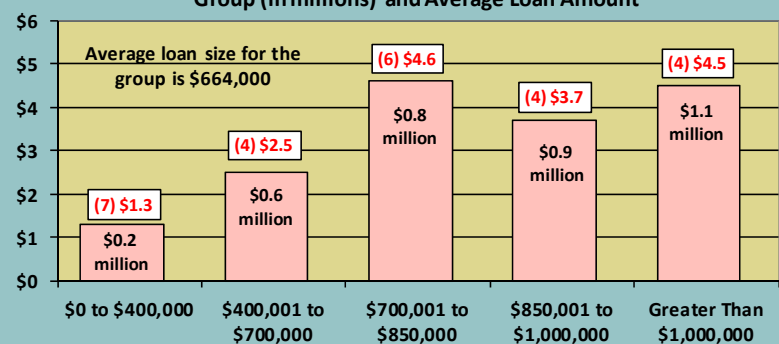
**VEDA Financings Closed in FY 2016 With Number, Dollars in Millions and Percent (by \$) By Major Program**



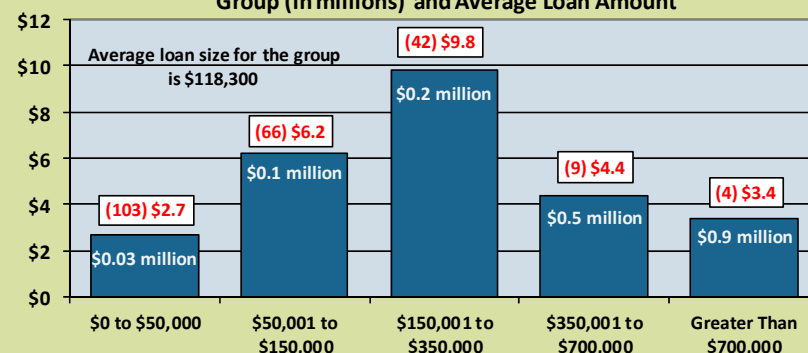
**Commercial Loans Closed in Fiscal Year 2016  
Grouped By Original Amount with Number and Aggregate Amount in Group (in millions) and Average Loan Amount**



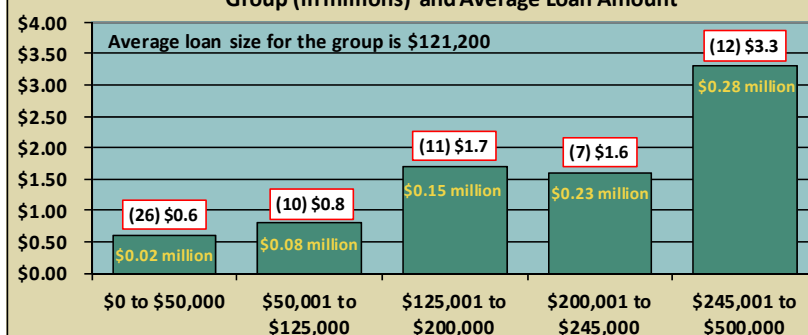
**Renewable Energy Generation Closed in Fiscal Year 2016  
Grouped By Original Amount with Number and Aggregate Amount in Group (in millions) and Average Loan Amount**



**Agricultural Loans Closed in Fiscal Year 2016  
Grouped By Original Amount with Number and Aggregate Amount in Group (in millions) and Average Loan Amount**



**Small Business Loans Closed in Fiscal Year 2016  
Grouped By Original Amount with Number and Aggregate Amount in Group (in millions) and Average Loan Amount**



## Direct Loans

Name	County	Amount
433 Mountain Road	Lamoille	\$ 260,000
Cabot Hosiery Mills	Washington	160,000
Coffee Lab International	Washington	948,000
Coffee Lab International	Washington	200,000
Fairbanks Inn	Caledonia	800,000
Flex-A-Seal, Inc.	Chittenden	116,000
G. S. Precision	Windham	1,500,000
Global Values, Inc.	Washington	408,000
Global Values, Inc.	Washington	288,000
Global Values, Inc.	Washington	256,000
H. Hirschmann, Ltd.	Rutland	102,000
Killington Hospitality Group I	Rutland	1,500,000
KLM Squared	Rutland	920,000
Lost Nation Brewing, LLC	Lamoille	283,600
Manchester Hotel Assoc. II	Bennington	1,500,000
New World Developments VT	Rutland	560,000
Olivia's	Addison	346,880
Olivia's Croutons Company	Rutland	418,000
Otter Creek Brewing, LLC	Addison	230,000
Railroad Row	Orange	150,000
Smugglers' Notch Invest. Co.	Lamoille	1,000,000
Vermod	Windsor	300,000
Vermont Distillers	Windham	50,000
Vermont's Original Ice Cream	Bennington	225,000
<b>Total</b>		<b>\$12,521,480</b>

## Local Development Corp. Loans

Name	County	Amount
FCIDC	Franklin	\$ 578,580
SRDC	Windsor	144,000
SRDC - Blake Hill Farm	Windsor	877,504
<b>Total</b>		<b>\$1,600,084</b>

## Entrepreneurial Loans

Name	County	Amount
Encore Redevelopment, LLC	Chittenden	150,000
J. Lev, Inc.	Chittenden	250,000
<b>TOTAL</b>		<b>\$400,000</b>



**G.S. PRECISION, INC. (GSP)** is a leading manufacturer of high-precision machined components and assemblies for commercial and military aircraft engines, power generation turbines, defense systems, thermal imaging devices and other commercial industry applications. Founded in 1958, GSP has grown to employ over 500 people, with headquarters located at the Exit One Industrial Park in Brattleboro. Additional GSP manufacturing facilities are located in New Hampshire, Mexico and California. In 2016, with the help of the Brattleboro Development Credit Corporation (BDCC) and a consortium of funding entities, including financing provided by VEDA and BDCC, GSP undertook a \$17 million expansion project in Brattleboro, enabling the Company to further expand operations to meet future demand in the coming years. Additional financing for the expansion was provided by TD Bank, the Community Development Block Grant Program, the Town of Brattleboro, and Windham County Economic

Development funding, as well as New Market Tax Credits issued by several community development entities, and Vermont Employment Growth Incentives. It is projected that within five years of the expansion, GSP will add as many as one hundred jobs in Vermont.

*"G.S. Precision recently entered a significant growth phase that required a major expansion of plant capacity and equipment here in Vermont...VEDA, and our loan officer Marie Dussault, have been active and strong supporters of our project from the outset. We appreciate their professionalism, in the pre-financing phase right through the construction and procurement phases. GSP looks forward to a long partnership with VEDA."*

– John Hanley, CFO  
G.S. Precision, Inc.







**J LEV INC.**

Doing business as J Skis, this alpine ski designer and online retailer is based in Shelburne. While J Skis is an early-stage company, owner Jason Levinthal has been instrumental in the development of revolutionary skis during the past twenty years. He started while in college in 1995, designing the first twin-tip skis in his parents’ garage, ultimately launching the ski company LINE, one of today’s top ski brands. With the help of \$250,000 in VEDA financing, Jason was able to produce inventory for the 2016-2017 ski season featuring his new skis that he sells exclusively online direct to consumers at JSkis.com.



*“...VEDA was a life saver in helping us finance our entire year’s production at a competitive rate. They were very helpful, straightforward and transparent throughout the entire process, enabling me to get back to building skis quickly.”*



- Jason Levinthal  
J Skis

**504 Loans**

Name	County	Amount
Carrollmac, LLC	Addison	\$ 150,000
Crossfit TT	Chittenden	288,000
Flannel Country Store, LLC	Windsor	130,000
Gayatrima, LLC	Chittenden	1,169,000
Hergenrother Green Mountain Properties	Chittenden	2,080,000
Manieri Family Enterprises	Rutland	163,000
Mountain Operations and Dev.	Chittenden	150,000
Northeast Farm Sales & Service	Franklin	33,062
Quero, Rick T.	Washington	110,250
Ryan D. Goslin, DDS PC	Chittenden	231,000
Sky Crane Services, LLC	Addison	139,646
West Winds Holdings, LLC	Rutland	250,000
<b>Total</b>		<b>\$4,893,958</b>

**TOTAL COMMERCIAL LOANS \$19,415,522**



*VEDA commercial financings in FY 2016 ranged in size from*

**\$20,000 to**

**\$2.6 MILLION.**



Photo use courtesy of Encore Renewable Energy

**Revenue Bonds**

Name	County	Amount
Autumn Harp, Inc.	Chittenden	\$ 2,552,000
Black Bay Ventures V	Chittenden	2,250,000
Casella Waste Systems	Rutland	35,000,000
Circus Smirkus	Orleans	2,300,000
Grafton Village Cheese Co.	Windham	5,750,000
Lake Champlain Waldorf School	Chittenden	2,600,000
NE Washington County Community Health	Washington	1,598,200
Stowe Town Electric Dept.	Lamoille	3,284,455
Village of Hyde Park Elec Dpt.	Lamoille	<u>3,264,032</u>
<b>Total</b>		<b>\$58,598,687</b>

## TOWN OF STOWE AND VILLAGE OF HYDE PARK RENEWABLE ENERGY PROJECTS

In FY 2016, VEDA acted quickly to take advantage of a temporary federal renewable energy financing opportunity – limited bonding capacity offered by the U.S. Treasury that would substantially defray the interest cost of eligible public renewable energy projects that could be completed within six months. Two eligible and qualified pending projects were identified by VEDA -- the Town of Stowe and the Village of Hyde Park, both already planning to undertake solar electric energy generation projects in their municipalities. In coordination with the

municipal utility officials and their developer, Encore Renewable Energy, LLC, VEDA quickly submitted applications, competing with other bonding authorities across the country, and was approved for allocations by the U.S. Treasury for these Clean Energy Renewable Bonds (CREBs) to help Stowe and Hyde Park implement their plans.

Through VEDA's issuance of the Clean Energy Renewable Bonds, the U.S. Treasury will substantially subsidize the interest on the financing of these projects, significantly lowering the cost of the projects for the municipalities. Union Bank agreed to purchase the VEDA-issued bonds totaling over \$6.4 million, or \$3.2 million for each of the municipal projects.



## REVENUE BONDS

In Stowe, whose utility serves over 4,000 residential and commercial customers, the 1.4 MWac Nebraska Valley Solar Farm Project was constructed in a former gravel pit owned by the Town. The Project is expected to produce approximately 1,568,000 kWh per year of electricity (roughly 2% of the Department's annual energy requirements). In Hyde Park, whose utility provides service to 1,326 retail customers, the Project was constructed on leased land. This 1.4 MWac Project is also expected to produce approximately 1,568,000 kWh of electricity per year which equates to approximately 13% of Hyde Park's annual energy requirements.

Completion of their municipal renewable energy projects helped the Town of Stowe and Village of Hyde Park meet Vermont's new renewable energy standards for municipally-owned electric departments, and stabilize and reduce overall electricity costs for their municipal customers in

*"Working in partnership, Stowe and Hyde Park originally sought to bring our municipal solar projects to fruition through third-party ownership. But, when VEDA offered assistance to secure Clean Renewable Energy Bonds (CREBs) that would provide the lowest-cost financing, the benefits to our ratepayers were clear. Our governing bodies supported us in quickly securing approvals from voters to pursue CREB financing, and VEDA moved with precision to help us meet the CREB application deadline and secure the bonds. Our solar projects began producing electricity on August 5, 2016 with municipal ownership on day one. Both projects were ahead of schedule and under projected cost. We are most grateful for VEDA's diligence and professionalism that resulted in the success of our solar projects."*

- Ellen Burt, General Manager, Stowe Electric Department  
Carol Robertson, General Manager, Village of Hyde Park, Hyde Park Electric

the long run. Taken together, the two municipal solar electric energy generation projects will produce enough renewable electricity to power the equivalent of 456 average households, and reduce CO<sub>2</sub> emissions by 1,824 tons each year.



Photo use courtesy of Encore Renewable Energy





Name	County	Amount
4 On The Floor, LLC	Chittenden	\$ 250,000
79 Gibson Drive, LLC	Franklin	148,000
Beck, Duane T.	Washington	190,000
Biologic Integrative Healthcare	Windham	50,000
Black Lantern Inn	Franklin	134,200
Bullrush Corporation	Rutland	350,000
Cherry St. Leathers, LLC	Chittenden	180,000
CKS, LLC	Chittenden	200,000
Davis-Hiscock, Samantha	Washington	10,000
Douglas Sweets, LLC	Chittenden	90,000
Even Flow, LLC	Chittenden	228,000
Finnam Enterprises, Ltd.	Bennington	220,000
Fowler, Craig T. & Jennifer L.	Lamoille	100,000
Happy Tails, LLC	Chittenden	100,000
IBEX Clothing, LLC	Windsor	350,000
KC Properties, LLC	Franklin	120,332
Kingdom County Productions	Windham	220,000
Laura Zindel Design, Inc.	Windham	69,940
Lost Nation Brewing, LLC	Lamoille	75,000
LPCTV Corp.	Windsor	20,000
Melissa Boyd, LLC	Windham	40,500
Middlebury Pediatric Dentistry	Addison	250,000
Middlebury Pediatric Dentistry	Addison	250,000
Mike's Electric, Inc.	Orleans	500,000
Mill River BBQ & Smokehouse	Franklin	143,168
Mill River Holdings, LLC	Essex	215,256
Mountain Operations & Dev.	Chittenden	150,000
MRC, LLC	Franklin	114,000
Pearson Properties, LLC	Chittenden	250,000
Pearson Properties, LLC	Chittenden	100,000
R.S.L., LLC	Chittenden	212,400
Richard I. Green, Inc.	Franklin	202,000
Rusty Bucket Becker, LLC	Windsor	223,500
Sky Crane Services, LLC	Addison	11,850
Smith & Salmon, Inc.	Chittenden	31,968
S'more Family Fun	Lamoille	165,000
Tuck, LLC	Lamoille	42,000
Ukolowicz, LLC	Chittenden	30,000
Valley Garden Center, Inc.	Washington	50,000
Vermont's Original Ice Cream	Bennington	50,000
Village Cannery of Vermont	Washington	150,000
West Winds Holdings, LLC	Rutland	138,000
Wild Hart Distillery, Inc.	Chittenden	150,000
Windrunner Holdings, LLC	Addison	162,000
<b>Total</b>		<b>\$6,737,114</b>



## DOUGLAS SWEETS, LLC

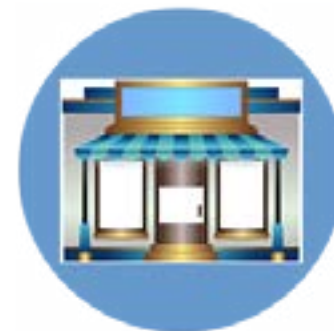
Debra Townsend's treasured family recipes for traditional Scottish shortbread biscuits has turned into a growing Vermont small business named Douglas Sweets ([www.douglassweets.com](http://www.douglassweets.com)). Established in 2012, Douglas Sweets had been manufacturing the biscuits, made with natural and primarily local ingredients, out of Debra's home kitchen. The biscuits are distributed to specialty food stores and food co-ops in the New England region and by 2016, increased



product demand required an expansion to a commercial kitchen facility. With the help of a \$90,000 VEDA loan, Douglas Sweets will move its shortbread biscuit manufacturing operation to a larger space at the Shelburne Green Complex, where the company will be able to greatly increase production capacity. Additionally, through its new storefront, Douglas Sweets will also offer direct sales to walk-in customers. The business now has three employees, a number expected to grow to eight over the next two years.

*"We truly appreciate the opportunity VEDA created for Douglas Sweets....VEDA financing enabled us to take this large step forward toward increasing baking capacity and in turn, expanding our distribution reach and product variety. An exceptional organization and an absolute pleasure to work with."*

– Debra Townsend  
Douglas Sweets



*Small Business lending increased in FY 2016 with 66 new loans totaling*

**\$8 MILLION.**





# ENERGY LOANS

## FY 2016 Energy Loans Approved

## FY 2016 Off-Balance Sheet Program Approvals

Name	County	Amount
Bright Star Solar	Rutland	\$ 870,300
Cement Plant Solar, LLC	Addison	1,148,864
Charter Hill Solar, LLC	Washington	977,000
Cresta Cooper Nedde, LLC	Chittenden	216,000
Dsolar, LLC	Chittenden	70,000
Fair Haven Solar Farm, LLC	Windham	350,000
Ferrisburgh Community Solar	Chittenden	300,000
GLC Chester Comm. Solar	Washington	772,300
GPS WSD I, LLC	Washington	244,918
Great Bay Hydro Corporation	Caledonia	300,000
Gristmill Properties, LLC	Washington	51,000
Hartford Solarfield, LLC	Windsor	761,800
HVT Solar, LLC	Addison	16,559
HVLC Solar, LLC	Addison	708,441
Kendall Sustainable Infrastructure	Orange	895,000
Kendall Sustainable Infrastructure	Addison	1,650,000
Maple Leaf Solar, LLC	Bennington	1,200,000
Novus Royalton Solar, LLC	Washington	653,000
Pittsford GLC Solar, LLC	Rutland	673,200
Proctor GLC Solar, LLC	Washington	643,500
Round Barn Solar, LLC	Grand Isle	350,000
Solalect Energy, LLC	Essex	160,000
SSA II, LLC	Windsor	750,000
Tinker Hill Solar	Windham	849,888
Waterford Community Solar	Caledonia	150,000
<b>Total</b>		<b>\$14,761,770</b>

## Windham County Economic Dev. Loans

Name	County	Amount
21 O'Bryan Drive L3C	Windham	\$200,000
Schoolhack Solutions, Inc.	Addison	<u>350,000</u>
<b>Total</b>		<b>\$550,000</b>

## Drinking Water State Revolving Loans

Name	County	Amount
AHA Water Cooperative, Inc.	Franklin	\$ 16,015
Okemo Village Owners' Assoc.	Windsor	45,000
Town of Georgia Ind. Dev. Corp.	Franklin	<u>1,943,000</u>
<b>Total</b>		<b>\$2,004,015</b>

## Brownfields Revitalization Loans

Name	County	Amount
247 Pearl, LLC	Chittenden	\$75,000
Carbon Zero, LLC	Bennington	<u>8,060</u>
<b>Total</b>		<b>\$83,060</b>

## Mortgage Insurance Loans

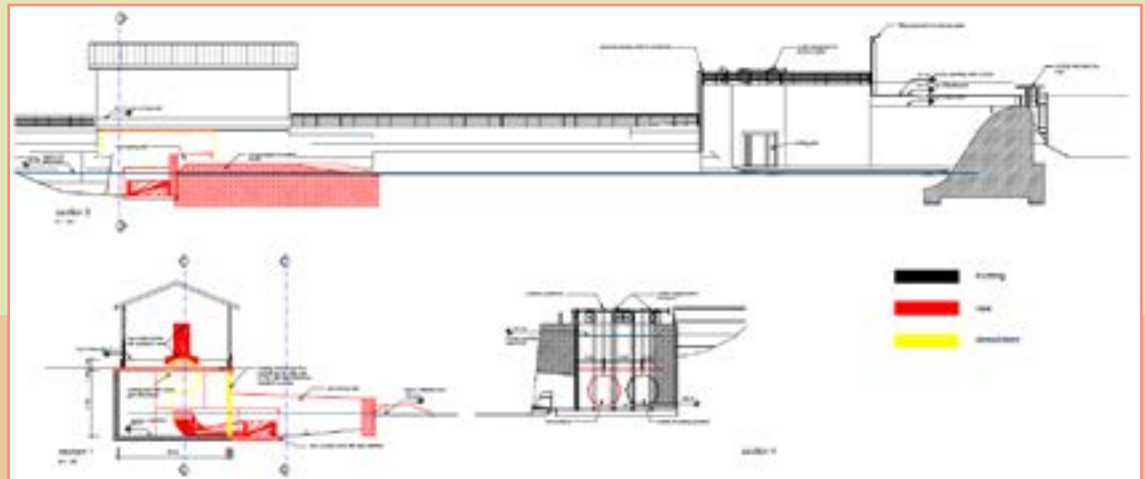
Name	County	Amount
NE Culinary Institute	Washington	\$177,241
Vermont Hospitality Mgmt.	Washington	<u>171,182</u>
<b>Total</b>		<b>\$348,423</b>



In FY2016, VEDA closed 26 renewable energy loans totaling

**\$16.6 MILLION**

These projects produced enough renewable electricity to power the equivalent of 5,576 average households, and reduce CO2 emissions by 9,654 tons each year.



Vermont Economic Development Authority  
Management's Discussion and Analysis (Unaudited) *Dollar Amounts in Thousands*

Statement of Net Position

The **Statement of Net Position** presents information on the Authority's assets and liabilities with the difference between the two reported as Net Position (sometimes referred to as capital or equity). **Table 1** compares the Statement of Net Position of VEDA for years ending 2015 and 2016.

<b>Table 1: Statement of Net Position</b>					<b>2015 to 2016</b>	
<b>Fiscal Years</b>	<b>2015</b>	<b>2016</b>	<b>Chg \$</b>	<b>Chg %</b>		
Cash and investments	\$ 34,787	\$ 35,873	\$ 1,086	3%		
Loans receivable	209,606	239,437	29,831	14%		
Allowance for loan losses	(6,988)	(7,216)	(228)	3%		
Capital assets	5,622	5,470	(152)	-3%		
Other assets	1,587	1,316	(271)	-17%		
<b>Total Assets</b>	<b>\$ 244,614</b>	<b>\$ 274,880</b>	<b>\$ 30,266</b>	<b>12%</b>		
Commercial paper	\$ 145,700	\$ 149,000	\$ 3,300	2%		
Notes payable	34,889	62,267	27,378	78%		
Other liabilities	7,579	6,874	(705)	-9%		
<b>Total Liabilities</b>	<b>\$ 188,168</b>	<b>\$ 218,141</b>	<b>\$ 29,973</b>	<b>16%</b>		
Restricted net position	25,793	26,893	1,100	4%		
Net investment in capital assets	3,047	3,129	82	3%		
Unrestricted net position	27,606	26,717	(889)	-3%		
<b>Total Net Position</b>	<b>\$ 56,446</b>	<b>\$ 56,739</b>	<b>\$ 293</b>	<b>1%</b>		

**Total assets** increased \$30,266 in 2016 due primarily to the change in loans receivable of \$29,831. The increase in outstanding loans was funded in part by the Authority's commercial paper and notes payable which increased \$30,678.

**Allowance for loan losses** are discussed in detail under the heading *Credit Risk Management*.

Statement of Revenues, Expenses and Changes in Net Position

The **Statement of Revenues, Expenses and Changes in Net Position** reports operating revenues and expenses incurred in the normal course of business (operating income or loss) plus non-operating revenues and expenses such as federal grants, transfers between entities and other transactions of an unusual or non-recurring nature.

**Table 2** shows the change in net position (results of operations) in 2015 and 2016 and the amount and percent of change from 2015 to 2016.

<b>Table 2: Revenues, Expenses &amp; Changes in Net Position</b>					<b>2015 to 2016</b>	
<b>Fiscal Years</b>	<b>2015</b>	<b>2016</b>	<b>Chg \$</b>	<b>Chg %</b>		
Cash and investment revenue	\$ 597	\$ 595	\$ (2)	0%		
Loans receivable interest	6,942	7,785	843	12%		
less interest expense	1,642	2,365	723	44%		
<b>Net Interest Income</b>	<b>\$ 5,897</b>	<b>\$ 6,015</b>	<b>\$ 118</b>	<b>2%</b>		
Add other revenues	997	1,082	85	9%		
Net (decrease) increase in fair value of investments	(133)	1	134	-101%		
Less provision for loan losses	1,727	1,319	(408)	-24%		
Less losses on insured loans	0	129	129	100%		
<b>Less All Other Expenses:</b>						
Staff salaries and benefits	3,484	3,972	488	14%		
Professional fees	529	621	92	17%		
Office and administrative	1,063	1,204	141	13%		
Depreciation	362	333	(29)	-8%		
<b>Total All Other Expenses</b>	<b>5,438</b>	<b>6,130</b>	<b>692</b>	<b>13%</b>		
<b>Operating Income (Loss)</b>	<b>\$ (404)</b>	<b>(\$ 480)</b>	<b>\$ (76)</b>	<b>19%</b>		
Non-operating revenues	3,841	773	(3,068)	-80%		
<b>Change in Net Position</b>	<b>\$ 3,437</b>	<b>\$ 293</b>	<b>\$ (3,144)</b>	<b>-91%</b>		

In 2016, VEDA recorded a change in net position (i.e. net income) of \$293 compared to a change in net position of \$3,437 in 2015. The significant



Vermont Economic Development Authority  
Management's Discussion and Analysis (Unaudited) *Dollar Amounts in Thousands*

decrease in the change in net position was the result of receiving in 2015, the final tranche of federal grant revenue totaling \$4.4 million.

Net Interest Income (also referred to as Net Interest Margin) is the core of the Authority's operations. It changes year-to-year based on changes in yields and costs and also changes in the average balance of cash and investments, loans receivable, and debt outstanding during the year.

**Cash and investment income** was nearly unchanged (down \$2) in 2016 due to a small decline in average balances (-\$448) offset by slightly higher yields (1.59% in 2016 versus 1.57% last year).

**Loans receivable interest** increased \$843 resulting from an increase in average balances of \$20,970 and an increase in yields from 3.41% last year to 3.46% in 2016.

**Interest expense** (including debt issuance costs; this is sometimes referred to as "cost of funds") increased \$723 due to an increase in average balances of \$20,315 and an increase in cost from 0.93% last year to 1.20% in 2016.

**Provision for loan losses** in 2016, were \$408 below the 2015 level. More detailed information regarding loan loss provisions and the changes in the allowance for loan losses ("reserves") can be found under the heading *Credit Risk Management*.

**All other expenses** increased \$692 or 13% in 2016 compared to an increase of \$248 or 5% in 2015. The components are discussed in more detail below:

**Staff salaries and benefits** in 2016 increased \$488, or 14% due primarily to the addition of three new staff in 2016 combined with a full year of expenses for the four new staff hired in 2015 which also accounts for the \$332, or 11% increase in that year. In the last two years VEDA has closed 597 new loans, added a net of 130 new loans outstanding and \$46 million more in outstanding loan balances being serviced.

**Professional fees** in 2016 increased \$92, or 17% due primarily to an increase in collection costs of \$56 and legal fees of \$37.

**Office and administrative expenses** increased \$141 or 13% due primarily to an increase of \$70 in occupancy related costs and an increase of \$51 in information technology related expenses.

### Statement of Cash Flows

The Statement of Cash Flows reports on the sources of changes in cash and cash equivalents for the year. Activities that effect the changes in cash are grouped into four categories: (1) operating activities; (2) non-capital financing activities (debt and non-operating related activities); (3) investing activities; and (4) capital related financing activities (purchase and financing of capital assets).

Table 8: Statement of Cash Flows 2015 to 2016				
Fiscal Years	2015	2016	Chg \$	Chg %
Cash flows provided by or (used for) various activities are presented as positive or (negative) numbers, respectively:				
Principal payments received	\$ 30,842	\$ 36,210	\$ 5,368	17%
Principal disbursed on loans	(48,592)	(67,816)	(19,224)	40%
All other operating activities	2,889	3,743	854	30%
<b>Operating Activities</b>	<b>\$ (14,861)</b>	<b>\$ (27,863)</b>	<b>\$ (13,002)</b>	<b>87%</b>
Non-capital financing activities	11,394	29,013	17,619	155%
Investing activities	793	315	(478)	-60%
Capital investment activities	(339)	(487)	(148)	44%
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (3,013)</b>	<b>\$ 978</b>	<b>\$ 3,991</b>	<b>-132%</b>

**Table 3** shows that \$19,224 more was disbursed to borrowers in 2016 than in 2015. Principal received from borrowers in 2016 was \$5,368 greater than in 2015. The funds disbursed, net of funds received plus the net cash received from all other operating activities (primarily interest and fees collected less operating expenses paid) created the need for \$27,863 of cash that was provided for by the \$29,013 increase in net borrowings (Non-capital financing activities).

Vermont Economic Development Authority  
Management's Discussion and Analysis (Unaudited) *Dollar Amounts in Thousands*

**Credit Risk Management:**

Credit risk is the risk that a borrower will default on the obligation to repay their debts. To provide for this risk the Authority maintains allowances for loan losses ("reserves") on specific loans where a loss is determined to be probable. VEDA also maintains general reserves for future losses not yet identified that are estimated based on historical loss experience, economic conditions, industry concentration and expectation of future events that would adversely affect VEDA borrowers.

**Table 4** details the specific and general reserves and the total reserves as a percentage of outstanding loans receivable balances at June 30, 2014, 2015 and 2016.

**Table 4: Change in Allowance for Loan Losses From 2014 to 2016**

Total for Years Ending	Total Loans Receivable at June 30	Specific Reserves at June 30	General Reserves at June 30	Total Reserves at June 30	Reserves as a % of Total Loans Receivable		
		at June 30	at June 30	at June 30	Specific	General	Total
2016	\$ 239,437	\$ 2,977	\$ 4,239	\$ 7,216	1.24%	1.77%	3.01%
2015	\$ 209,606	\$ 3,267	\$ 3,721	\$ 6,988	1.56%	1.78%	3.33%
2014	\$ 192,538	\$ 2,757	\$ 3,185	\$ 5,942	1.43%	1.65%	3.09%

The Authority's allowance for loan losses at June 30, 2016 totaled \$7,216 or 3.01% of outstanding loans receivable. This compares to an allowance of \$6,988 or 3.33% of outstanding loans receivable at the end of 2015 and to an allowance of \$5,942 or 3.09% of the outstanding loans receivable at the end of 2014. Changes in the allowance are due to provisions for losses combined with loans that have been charged-off against the reserves (net of any recoveries).

Integral to VEDA's mission is the challenge of meeting its economic development objectives while maintaining a prudent level of credit risk. Provisions for loan losses as a percentage of average outstanding loans is one common measure of credit risk.

**Table 5** below shows this ratio of loan loss provisions to average outstanding loans for the past three fiscal years plus the ratios for the past three and ten year periods:

**Table 5: Loan Loss Provisions as a Percent of Average Outstanding Loans**

Averages for Period	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	3 Years 2014-16	10 Years 2007-16
Loan Loss Provisions as a % of Avg. Outstanding Loans	0.59%	0.86%	0.95%	0.78%	0.83%

As a benchmark for how VEDA's loan losses and reserves compare to commercial banks, **Table 6** presents the same allowance for loan loss and loan loss provision ratios presented in **Table 4** and **Table 5** for commercial banks with total assets up to \$500,000 that are regulated by the Federal Deposit Insurance Corporation (FDIC). The FDIC data is for the year ending December 31, 2015.

**Table 6: FDIC Commercial Bank Statistics**

Data is as of 12/31/2015 and is from www.fdic.gov website	Assets less than \$100M	Assets \$100-\$300M	Assets \$300-\$500M
Loan Loss Provisions as a % of Average Outstanding Loans	0.21%	0.16%	0.16%
Allowances (Reserves) as a % of Outstanding Loans at Year End	1.53%	1.46%	1.43%

The Authority will assume more risk in its lending operations than the average commercial bank; VEDA incurs more risk by accepting subordinate collateral positions and in some cases lending to borrowers who are unable to get conventional bank financing.



**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**  
Financial Statements (Unaudited) *Dollar Amounts in Thousands*

**Statement of Net Position (Unaudited)**

as of June 30, 2016 and 2015

<u>Assets</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Cash and cash equivalents	\$ 7,307	\$ 6,329
Restricted Investments	28,566	28,458
Notes receivable	239,437	209,606
less allowance for loan losses	<u>(7,216)</u>	<u>(6,988)</u>
Notes receivable, net of allowance	232,221	202,618
Other assets	<u>6,786</u>	<u>7,209</u>
<b>Total Assets</b>	<b><u>\$ 274,880</u></b>	<b><u>\$ 244,614</u></b>
<u>Liabilities</u>		
Commercial paper and notes payable	\$ 211,267	\$ 180,589
Other liabilities	<u>6,874</u>	<u>7,579</u>
<b>Total Liabilities</b>	<b>\$ 218,141</b>	<b>\$ 188,168</b>
<u>Net Position</u>		
Unrestricted	29,846	30,653
Restricted	<u>26,893</u>	<u>25,793</u>
<b>Total Net Position</b>	<b>\$ 56,739</b>	<b>\$ 56,446</b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 274,880</u></b>	<b><u>\$ 244,614</u></b>

**Statement of Operations (Unaudited)**

For the Years Ending June 30, 2016 and 2015

<u>Operating Revenues:</u>	<u>2016</u>	<u>2015</u>
Cash and investment income, net	\$ 596	\$ 464
Notes receivable interest	7,785	6,942
Non-interest income	1,082	997
<b>Total Operating Revenues</b>	<b>\$ 9,463</b>	<b>\$ 8,403</b>
<u>Operating Expenses:</u>		
Interest expense	\$ 2,365	\$ 1,642
Provision for loan losses	1,448	1,727
Other operating expenses	6,130	5,438
<b>Total Operating Expenses</b>	<b>\$ 9,943</b>	<b>\$ 8,807</b>
<b>Net Operating Income</b>	<b>\$ (480)</b>	<b>\$ (404)</b>
<b>Non-Operating Income</b>	<b>773</b>	<b>3,841</b>
<b>Change in Net Position</b>	<b><u>\$ 293</u></b>	<b><u>\$ 3,437</u></b>



## **Vermont Economic Development Authority**

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*VEDA is an Equal Opportunity  
Provider and Employer*