

VERMONT ECONOMIC DEVELOPMENT AUTHORITY
LOAN COMMITTEE

Minutes

August 11, 2017

A telephonic meeting of the Vermont Economic Development Authority's Loan Committee originated at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on August 11, 2017 beginning at 9:02 a.m. Those Members of the Committee present via phone were: D. Kurzman, Chair; M. Tuttle; T. Gallagher; T. Richards; B. Pearce and J. Snow. Member E. Delhagen (designee for J. Tierney) was present in VEDA's offices. Staff members present were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; C. Brown, Office Manager; T. Porter, Director of Commercial Lending; R. Grzankowski, Director of Operations and E. Denny, Loan Officer. Senior Loan Officers S. Croft and M. Dussault participated via phone.

Minutes of April 14, 2017

On a motion by T. Gallagher, seconded by M. Tuttle, the minutes for the April 14, 2017 meeting were approved by those Members of the Committee present by a vote of 5 to 0 with the Chair and E. Delhagen abstaining.

Loan Committee Charter

C. Polhemus explained a draft of the Loan Committee Charter was presented to the Committee at the April meeting; the final version is being presented today. C. Polhemus explained the Charter will need to be approved by the full Board once approved by the Loan Committee. On a motion by J. Snow, seconded by B. Pearce, the Loan Committee Charter was approved as presented by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

VEDA Loan Committee Minutes – August 11, 2017

Mansfield Hall, LLC and Company Yet to be Formed – Burlington – Subchapter 5 – \$1,500,000

<i>Project Costs</i>		<i>Project Funding</i>	
\$ 5,000,000	Land and Building (1.00 acres; 19,068 sq. ft)	\$ 2,000,000	Mascoma Community Development; 3.00% Interest Rate; 84 month Term; interest-only for 84 months, then 0 month Amortization
		\$ 1,000,000	Mascoma Savings Bank, 4.75% Interest Rate, 18 months interest only then a 240 Amortization, Maturing in 84 months.
		\$ 1,500,000	VEDA; Initial Variable Interest Rate 3.00%; (VEDA Prime Rate - 0.75 bp for 2 years then VEDA Prime Rate; (VEDA Prime Rate Currently 3.75%); 84 month Term; interest-only for 18 months, then 240 month Amortization
		\$ 500,000	Equity Investment by Borrower
\$ 5,000,000	Fixed Asset Project Cost	\$ 5,000,000	Fixed Asset Project Funding

S. Croft explained Mansfield Hall, LLC and a Company Yet to be Formed of Burlington are requesting \$1,500,000 in Subchapter 5 financing for the above purpose.

After discussion regarding business purpose, loan structure, security interests and tax credits, on a motion by M. Tuttle, seconded by J. Snow, the above request was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

At 9:16 a.m. S. Croft signed off for the remainder of the meeting.

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Zoo Holdings, LLC and Rhino Foods, Inc. – Burlington – Subchapter 4 Inducement – \$9,000,000

<i>Project Costs</i>		<i>Project Funding</i>	
\$ 5,600,000	Construction - New; 14,064 sq.ft.	\$ 9,000,000	Bank
\$ 3,400,000	Machinery, Equipment Furniture and Fixtures		Borrower Equity
<u>\$ 9,000,000</u>	Total Project Cost	<u>\$ 9,000,000</u>	Total Project Funding

M. Dussault explained Zoo Holdings, LLC and Rhino Foods, Inc. of Burlington are requesting a \$9,000,000 Subchapter 4 inducement for the above purposes.

After discussion regarding tax-exempt status, final approval schedule, loan structure options and the reasons for this request, on a motion by J. Snow, seconded by B. Pearce, the following resolution was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

Inducement Resolution

WHEREAS, the State of Vermont, acting by and through the Vermont Economic Development Authority (the "Authority"), is empowered to assist in the financing of industrial development facilities through the issuance of industrial revenue bonds pursuant to Title 10 V.S.A., Chapter 12 (the "Act"); and

WHEREAS, for purposes of Subchapter 4 of the Act, facilities for the conduct of any trade or business which is eligible for tax-exempt financing under the United States Internal Revenue Code of 1986, as amended (the "Code") are deemed to be eligible facilities; and

WHEREAS, Rhino Foods, Inc. and Zoo Holdings, LLC (together, the "Company") has proposed the financing of certain eligible facilities in the City of Burlington, Vermont described in the Company's application to the Authority for financing and consisting generally of the following (the "Project"):

Construction of a 23,064 SF building addition and the purchase of new machinery and equipment located at 79 Industrial Parkway in Burlington, to be used in connection with the Company's manufacturing operations.

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WHEREAS, the estimated cost of the Project is approximately \$9,000,000, and the Company has requested that the Authority issue its industrial development revenue bonds under the Act at one time or from time to time in an aggregate principal amount not to exceed \$9,000,000 in order to finance the Project in whole or in part, such bonds to be secured by the obligation of the Company to pay the debt service thereon, and the interest on such bonds to be exempt from federal income taxes by virtue of the provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986, as amended and the regulations (collectively, the “Code and Regulations”), as they may now or hereafter exist.

NOW THEREFORE BE IT RESOLVED, THAT:

1. Purpose of Resolution. This resolution is intended as affirmative official action and official intent, as contemplated by the Code and Regulations, toward the issuance of industrial development revenue bonds under the Act to finance the Project and as a declaration of official intent for the reimbursement of Project costs within the meaning of Section 1.150-2 of the Federal Income Tax Regulations.
2. Eligibility for Financing. Based upon the information contained in the Company's application to the Authority for financing, the Project appears to be eligible for financing under the Act. Issuance of the bonds is subject to all requirements of the Act and to the Authority being able to make the findings required by the Act, including a determination by the Authority regarding the priority of financing the Project in relation to the priority for extending financing to other industrial development facilities for which application has been made to the Authority or may be made in the future. Such bonds shall not constitute a general obligation of the State or the Authority nor a pledge of the faith and credit of the State or the Authority but shall be payable solely from the revenues pledged for their payment in accordance with the Act.
3. Further Action Required. This resolution is not a contract or final agreement to issue bonds. The Authority will consider whether to approve the issuance of bonds when the terms of the financing have been finalized and the Authority is in a position to determine that this project should be given priority for the issuance of tax-exempt revenue bonds pursuant to guidelines established by the Authority and by statute.
4. Effective date. This resolution shall take effect upon its adoption.

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Vermont Acer LLC and Vermont Maple Sugar Company, Inc. d/b/a Butternut Mountain Farm –
Morristown – Subchapter 5 – \$424,000

<i>Project Costs</i>		<i>Project Funding</i>	
\$ 1,100,000	Land and Building (4.11 acres; 23,321 sq. ft)	\$ 530,000	Union Bank; 4.75% Interest Rate; 248 month Term; interest-only for 8 months, then 240 month Amortization
\$ 250,000	Improvements of the Project property	\$ 424,000	VEDA; Initial Variable Interest Rate 3.00%; (VEDA Prime Rate - 0.75 bp for 2 years then VEDA Prime Rate; (VEDA Prime Rate Currently 3.75%); 128 month Term; interest-only for 8 months, then 240 month Amortization
\$ 25,000	Other Soft Costs	\$ 421,000	Equity Investment by Borrower
\$ 1,375,000	Total Project Cost	\$ 1,375,000	Total Project Funding

E. Denny explained Vermont Acer LLC and Vermont Maple Sugar Company, Inc. d/b/a Butternut Mountain Farm of Morrilltown are requesting \$424,000 in Subchapter 5 financing for the above purposes.

After discussion regarding the company’s management team and succession plan, historical profitability and security guarantees, on a motion by J. Snow, seconded by T. Gallagher, the above request was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

There being no other business to properly come before the Committee, on a motion by B. Pearce, seconded by J. Snow, the meeting adjourned at 9:35 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Rosalea W. Bradley, Chief Executive Officer