

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

June 30, 2017

A meeting of the Vermont Economic Development Authority convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on June 30, 2017 beginning at 9:32 a.m. Those Members of the Authority present were: D. Kurzman, Chair; B. Pearce; M. Tuttle and J. Snow. Members M. Snyder; T. Richards; J. O'Meara Sanders and A. Eastman (designee for A. Tebbetts) participated via phone. Staff members present were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer; C. Brown, Office Manager; S. Isham, Director of Agricultural Lending; T. Porter, Sr. Commercial Lender; S. Croft, M. Dussault, E. Denny and S. Buckley, Commercial Loan Officers; E. Paradee, Jr. Agricultural Loan Officer; S. Anechiarico, Commercial Credit Analyst; M. Wheeler, Sr. Commercial Loan Assistant; J. Harris, Commercial Loan Assistant and E. Paradee, Jr. Agricultural Lender/Credit Analyst. Member J. Tierney joined the call later. Member T. Brady (designee for M. Schirling), Senior Agricultural Loan Officer J. Kimberly and Loan Officers M. Corbett, C. Anderson, A. Wood and C. Leonard entered the meeting later.

Introduction of Staff

R. Bradley asked a few Staff members to attend the meeting. She introduced M. Wheeler, who was recently promoted to Sr. Commercial Loan Assistant and J. Harris, Commercial Loan Assistant. Jon has been with VEDA for just under two months. She then introduced S. Anechiarico, Commercial Credit Analyst who has been with VEDA for one month.

Minutes of May 26, 2017

On a motion by B. Pearce, seconded by M. Tuttle, the minutes for the May 26, 2017 meeting were approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

J. Tierney joined the meeting via phone at 9:35 a.m.

CEO's Report

New Website Home Page

R. Bradley began the meeting by showcasing VEDA's new website home page. R. Bradley noted this new page has just gone live and recommended the Members take time to review it. She pointed out the new upgrades, including live testimonials from various borrowers.

Next, R. Bradley noted a complete overhaul of VEDA's website is planned and should be ready to go live in late fall.

A. Eastman asked if R. Bradley would consider adding a link to the Department of Agriculture's Facebook page. R. Bradley agreed.

Staff

R. Bradley updated the Members on Staffing issues. With the recent hires of Michael Corbett, Commercial Loan Officer; Sydney Anechiarico, Commercial Credit Analyst; Jonathan Harris, Commercial Loan Assistant and Cheryl Houchens as the Loan Review and Compliance Office, VEDA is nearly fully staffed. Offers have been made for the vacant Agricultural Loan Assistant position and for the position of Director of Operations.

Next, R. Bradley noted Staff celebrated four of its members: Mariah Miller was married on June 17th; Jamison Kimberly will be married on July 7th, Kara Fassett will be married on July 29th, and Ann Miller will become Jamison Kimberly's Mother-In-Law on July 7th. We wish them all the best.

Interest Rates and Fees

R. Bradley explained, due to the Federal interest rate increase on June 14th, VEDA will be raising all direct program rates on July 1st by 25 basis points. The Market now anticipates two additional interest rate increases later this year. Staff is also looking at VEDA's fee structure and will likely increase fees in all of its direct programs. VEDA has not increased fees in several years.

Jay Peak – Application Request

C. Polhemus explained Staff has been approached by Bill Stenger, on behalf of the receivership of Jay Peak/Burke Mountain Resorts, about the possibility of submitting an application for funding to begin a 30,000 tap maple sugaring operation on 300 acres owned by Jay Peak Resort. After discussion regarding management of the company, the receiver's plans for Jay Peak and the reasons this project was not included in the original master plan for Jay Peak, Staff was directed by those Members of the Authority present to meet with the receiver, gather information regarding the above and report back to the Board at the July Board Meeting.

Energy Lending Synopsis – Impact on Vermont Renewable Energy Sector

T. Porter reviewed VEDA's renewable energy lending history; including the number of projects financed and the jobs created. Discussion ensued regarding the effect VEDA lending has had on infrastructure and the direct and indirect job creation numbers.

Amendment to Commercial Loan Policy – Energy Projects

Next, T. Porter explained Staff is requesting the Members amend VEDA's Commercial Loan Policy to allow financing of up to 90% of an energy project under certain terms and conditions.

Discussion ensued regarding equity and collateral requirements, outreach to solar companies to promote this program and the reasons for this change. On a motion by M. Tuttle, seconded by T. Brady, those Members present voted to accept the amendment to the Commercial Loan Policy by a vote of 7 to 1 with B. Pearce voting in the negative and the Chair and J. Snow abstaining.

FY 2018 Budget

D. Kurzman explained the Executive Committee met via phone earlier in the week and discussed the Preliminary FY2018 Budget.

D. Carter presented Staff's FY2018 Preliminary Budget proposal to the Members of the Authority; noting key highlights in the Budget.

On a motion by B. Pearce, seconded by M. Tuttle, the FY2018 Preliminary Budget was approved as presented by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining. The final FY2018 Budget will be presented at the July meeting.

Board Financial Summary

D. Carter stated loan approvals for the first eleven months of FY2017 totaled \$182.02 million; \$102.64 million above budget and \$70.12 million above the same period in FY2016. Loans closed for the first eleven months of FY2017 totaled \$63.69 million; \$3.97 million below budget and \$7.93 million less than the same period in FY2016.

D. Carter continued his financial report, explaining Net Operating Income before fair value adjustment for the first eleven months of FY2017 totaled \$64,400 and was favorable to budget by \$977,200. Cash and Investment Income was unfavorable to budget by \$1,400. Other Income was unfavorable to budget by \$38,500.

Staff Authority – Loan Approvals

Staff presented the Members with the Internal Loan Approval memo.

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs

Staff presented the Members with the Internal Other Affiliate Programs memo.

VEDA Minutes – June 30, 2017

North Hyde Park Solar, LLC – Hyde Park – Commercial Energy Generation – \$396,477

<u>Project Costs</u>		<u>Project Funding</u>	
\$ 675,867	Machinery, Equipment Furniture and Fixtures	\$ 396,477	VEDA; Initial Variable Energy Interest Rate 2.75%; VEDA Prime Rate -0.75 bp for 2 years then VEDA Prime Rate (VEDA Prime Rate is Currently 3.50%); 180 month Term and 180 month Amortization
\$ 25,000	Design, Permitting, Legal, Professional Fees & Construction Interest	\$ 324,390	Investor Equity
\$ 20,000	Development Fees		
\$ -	Contingency		
<u>\$ 720,867</u>	Project Costs	<u>\$ 720,867</u>	Project Funding

S. Buckley stated North Hyde Park Solar, LLC of Hyde Park is requesting \$396,477 in Commercial Energy Generation loan funds for the above purposes.

After discussion regarding developer experience, financial strength of principals, collateral and borrower history, on a motion by J. Snow, seconded by B. Pearce, the above loan request was approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

VEDA Minutes – June 30, 2017

Franklin County Industrial Development Corp. – Peerless Clothing International, Inc. – St. Albans – Subchapter 3 – \$5,000,000

<u>Project Costs</u>		<u>Project Funding</u>	
\$ 12,521,093	Construction - New	\$ 5,000,000	VEDA; Initial Variable Interest Rate 2.75%; VEDA Prime Rate -0.75 bp for 2 years then VEDA Prime Rate (VEDA Prime Rate is Currently 3.50); 60 month Term; interest-only for 8 months, then 240 month Amortization
\$ 2,370,905	Land-Site Development (19.30 acres)	\$ 21,989,514	Equity Investment from Borrower
\$ 1,209,774	Building Demolition	\$ -	
\$ 523,690	Other Soft Costs	\$ -	
\$ 1,478,584	Contingency	\$ -	
\$ 1,645,593	Other Interim Project Costs	\$ -	
<u>\$ 7,239,875</u>	Machinery, Equipment Furniture and Fixtures	<u>\$ -</u>	
<u><u>\$ 26,989,514</u></u>	Total Project Cost	<u><u>\$ 26,989,514</u></u>	Total Project Funding

M. Dussault explained Franklin County Industrial Development Corp. and Peerless Clothing International, Inc. of St. Albans are requesting Subchapter 3 funding in the amount of \$5,000,000 for the above purposes.

At 11:27 a.m. J. Kimberly and C. Anderson entered the meeting.

At 11:31 a.m. A. Wood and C. Leonard entered the meeting.

After discussion regarding borrower history, job creation, financial resources and industry strength, on a motion by J. Snow, seconded by B. Pearce, the above loan request was approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

VEDA Minutes – June 30, 2017

There being no other business to properly come before the Authority, on a motion by B. Pearce, seconded by M. Tuttle, the meeting adjourned at 11:33 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Rosalea W. Bradley, Chief Executive Officer

DRAFT