

VERMONT AGRICULTURAL CREDIT CORPORATION

Minutes

March 30, 2018

A meeting of the Vermont Agricultural Credit Corporation (VACC) convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on March 30, 2018 beginning at 9:35 a.m. Those Directors of the Corporation present were: D. Kurzman, Chair; T. Gallagher; L. Graves; J. Snow; J. Goldstein (designee for M. Schirling); S. Voigt; E. Delhagen (designee for J. Tierney); A. Eastman (designee for A. Tebbetts); T. Richards; B. Pearce and W. Patten. Staff members present were: R. Bradley, President; C. Polhemus, Vice President; D. Carter, Treasurer; S. Isham, Secretary; R. Grzankowski, Director of Operations; T. Porter, Director of Commercial Lending; J. Kimberly, Deputy Director of Agricultural Lending; C. Houchens, Chief Compliance and Loan Review Officer; Senior Loan Officers: A. Curler and J. Conklin and Loan Officers: A. Wood and E. Paradee and C. Brown, Office Manager. Senior Loan Officer M. Dussault joined the meeting later via phone. Senior Loan Officer S. Buckley, Loan Officers C. Leonard and E. Denny and S. Anechiarico, Commercial Credit Analyst entered the meeting later.

Minutes of February 23, 2018

On a motion by T. Gallagher, seconded by J. Snow, the minutes for the February 23, 2018 meeting were approved by those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

At 9:35 a.m. M. Dussault joined the meeting via phone.

Agricultural Update

A. Eastman noted there has been minimal change in milk prices since the previous meeting.

L. Graves explained the current oversupply of milk will continue to cause a reduction in milk price.

At 9:41 a.m. C. Leonard entered the meeting.

Banking Resolution

C. Polhemus explained Staff is recommending Renee Grzankowski, Director of Operations, be authorized to sign checks. On a motion by L. Graves, seconded by W. Patten, the following resolution was approved by those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

Banking Resolution

WHEREAS, the Vermont Agricultural Credit Corporation (Corporation) has, from time to time, authorized certain officers and staff members to sign checks drawn on the various accounts of the Corporation and to invest, reinvest and redeem certificates of deposit and repurchase agreements from and with various Vermont banks (Banks) and initiate wire transfers of funds to and from the Banks for these purposes;

NOW THEREFORE BE IT RESOLVED, the Corporation's President, Vice President and Chief Financial Officer will each have individual signing authority for any check, cash and wire transfer of the Corporation for any amount up to \$10,000. The following will each have individual signing authority for any check, cash, and wire transfer of the Corporation for any amount up to \$5,000: the Chair of the Corporation; the Treasurer of the Corporation; Carol Brown; Margaret Baird; Kelly Leonard; Deborah Izor and Renee Grzankowski. All checks, cash and wire transfers drawn on any Corporation account in excess of \$10,000 must be signed and countersigned by two of the above authorized individuals;

BE IT FURTHER RESOLVED, that the Corporation's Chief Financial Officer, President and Vice President are each hereby authorized to purchase, transfer, redeem and withdraw or reinvest the proceeds of certificates of deposit, repurchase agreements, and other investment securities, and to transfer funds to and from the Banks, whether manually, by wire or otherwise, as necessary to carry out the purposes specified above. The Chief Financial Officer, President and Vice President are also each hereby authorized to contract with the Banks for safe deposit services and to designate certain employees or contractors to have access to such safe deposit services. The Banks are directed to honor any such requests;

BE IT FURTHER RESOLVED, that the foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Banks;

BE IT FURTHER RESOLVED, that this Resolution supercedes and replaces that approved by the Corporation on October 28, 2016.

Board Loan Committee – Approvals

Staff presented the Directors with the Internal Board Loan Committee Approval memo.

Staff Authority – Loan Approvals

Staff presented the Directors with the Internal Loan Approval memo.

Staff Authority – Other Business

Staff presented the Directors with the Internal Other Business memo.

S. Voigt inquired how often FSA declines a VACC loan. S. Isham replied it is rare and generally happens if FSA has run out of funding. A. Wood noted it is generally a temporary situation and VACC usually receives the guarantee once FSA funding is reestablished.

Roger H. and Patricia J. Scholten – Weybridge, Whiting and Cornwall – Farm Ownership Loan \$1,211,000 – Operating Loan \$275,000 – Operating Loan \$40,000

A. Curler explained Roger H. and Patricia J. Scholten of Weybridge, Whiting and Cornwall are requesting \$1,526,000 in VACC financing. The loans will be secured by a first priority mortgage lien on real estate and buildings in Whiting and Cornwall, a security interest in milk and all products, cattle, machinery and equipment.

After discussion regarding borrower history, next generation involvement, business profitability and the overall request, on a motion by T. Gallagher, seconded by L. Graves, the above loan request was approved by those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

At 10:06 a.m. T. Gallagher left the meeting and returned at 10:08 a.m.

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Sheldon Farm, Inc., Richard C. and Christine T. Sheldon, Jeffrey R. Sheldon and Paul M. de Boer – Fair Haven and West Haven – Operating Loan \$841,000 – Farm Ownership Loan \$154,000 – Farm Ownership Loan \$1,210,000 – Operating Line of Credit \$100,000 – Operating Line of Credit \$50,000

A. Curler explained Sheldon Farm, Inc. et al., of Fair Haven and West Haven are requesting \$2,355,000 in VACC financing. The loans will be secured by a security interest on all cattle, milk and products, crops and feed inventory, mortgage liens on real estate and buildings in Fair Haven and West Haven.

At 10:22 a.m. J. Goldstein left the meeting and returned at 10:27 a.m.

At 10:23 a.m. S. Buckley and S. Anechiarico entered the meeting.

After discussion regarding GMO and non-GMO processes, VACC exposure, milk production and pricing and the reasons for this request, on a motion by B. Pearce, seconded by T. Richards, the above loan request was approved by those Directors of the Corporation present by a vote of 8 to 2 with the Chair abstaining and W. Patten and B. Pearce voting in the negative.

Iroquois Acres NWA, LLC; Steven J. and Sherry Ouellette; Aaron J. Ouellette; Seth H. and Stephanie J. Pope – Bridport – Farm Ownership Loan \$550,000 – Operating Loan \$75,000

A. Curler explained Iroquois Acres NWA, LLC et al. of Bridport are requesting \$625,000 in VACC financing. The loans will be secured by a mortgage lien on real estate in Bridport and buildings, cattle, milk and all products.

After discussion regarding borrower strength, management skills, net worth and debt per cow, on a motion by L. Graves, seconded by T. Gallagher, the above loan request was approved by those Directors of the Corporation present by a vote of 9 to 0 with the Chair and A. Eastman abstaining.

At 10:49 a.m. T. Richards left the meeting and returned at 10:52 a.m.

At 10:50 a.m. E. Denny entered the meeting.

Chaput Family Farms – North Troy – Modifications to Loan Approval Conditions

C. Leonard explained Chaput Family Farms is requesting two modifications to a loan approved by the Loan Committee at the February 9, 2018 meeting and modified on March 16,

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2018. Staff is recommending approval of the loan without the FSA guarantee. The second request is to remove the contingency for “receipt” of the current Ag Ventures’ statements.

Discussion ensued regarding loan security and the reasons for the current and prior changes. On a motion by J. Snow, seconded by A. Eastman, the above modification requests were approved by those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

Blissful Dairy, LLC and Andre Z. and Lydia S. Vorsteveld – Bridport – Operating Loan – Re-advance \$3,954.95 and Reamortize and Increase Existing Loan by \$46,046.05

J. Kimberly explained Blissful Dairy, LLC and Andre Z. and Lydia S. Vorsteveld are requesting VACC re-advance \$3,953.95 and reamortize and increase their existing loan by \$46,046.05. The loan will remain secured by a mortgage lien on land and buildings in Bridport, cattle, machinery and equipment and milk and products.

After discussion regarding management strengths, borrower experience, family involvement and financial strength, on a motion by J. Snow, seconded by W. Patten, the above requests were approved by those Directors of the Corporation present by a vote of 10 to 0 with the Chair abstaining.

There being no other business to properly come before the Corporation, on a motion by T. Gallagher, seconded by L. Graves, the meeting adjourned at 11:06 a.m.

ATTEST:

Vermont Agricultural Credit Corporation

By: _____
Rosalea W. Bradley, President